FINANCIAL



Ruling Russia

The seven men who really count

Friends of Bill

Clinton toasts Gingrich and Greenspan

Philip Stephens, Page 14



lordan Peace crisis crushes hopes



Business Newspaper http://www.FT.com

FRIDAY NOVEMBER 1 1996

defeat as Tutsis advance on Goma

Zaire's army was facing a humiliating defeat as Tutsi fighters advanced on Goma, capital of north Kivu. The Tutsis, suspected of belonging to the Rwandan army, are on the verge of seizing a swathe of east Zaire, putting them in a position to dictate terms to the Zairean authorities. The country is seemingly paralysed by the absence of President Mobutu Sese Seko, who is being treated in Switzerland for prostate cancer.



All 95 passengers and crew on board a Fokker F-100 en route to Rio de Janeiro were killed when it crashed shortly after take-off from Sao Paulo airport. The aircraft, operated by Brazilian airline TAM, clipped two blocks of flats before crashing into houses two miles from the airport. Rescue workers (above) said at least three people on the ground were killed. Page 4

Stena plips into red: Stena Line, the world's largest ferry operator, blamed competition on the English Channel and delayed ship deliveries for a/a SKr251m (\$38m) loss during the first nine moriths. Page 17

World Bank's management attacked: The World Bank's management came under fire from members of its executive board after its in-house watchdog warned that its work on poverty reduction was inadequate. Page 7

IFC moves into Vietnam: The International Finance Corporation, private sector arm of the World Bank, announced its first move into Vietnam's financial sector. Page 5

Sabena unions agree cuts: A fresh financial crisis at Sabena was averted when trade unions agreed a cost-cutting programme after Swissair threatened to write off its SFr260m (\$207.2m) investment in the Belgian airline. Page 16; Airline strike likely to embarrass Philippines, Page 6

Pharmacia's second profits warning: Swedish-US pharmaceuticals company Pharmacia and Upjohn issued its second profits warning in three weeks. Page 17; Lex. Page 26

Hungarian telecoms group to float: Matay, Hun company, is poised to float within the next 18

months, Page 17 Malaysia challenges US threat: Malaysia whose national oil company faces US sanctions for investing in Iran, said that it will use "international forums" to challenge Washington's

india speeds investment approval: India's Foreign Investment Promotion Board cleared 63 foreign investment proposals worth a total of \$694m, sustaining a recent government drive to accelerate such approvals. Page 5

TV Asabi limits Murdoch's influence: Japan's Asahi National Broadcasting, in which Rupert Murdoch's News Corporation has a 21.4 per cent stake with Softbank, has acted to curb the influence of the media group and its Japanese partner. Page 17

plank et watchdogs plan summit: The world': three biggest commodity futures market watchdogs are to discuss concerns about global commodity market regulation in the wake of the Sumitomo copper scandal. Page 26

That trade gap narrows: Thailand's current account deficit dipped below Bt30bn (\$1.18bn) for the first time in six months, the central bank said, suggesting the country's economic woes may be easing. Page 6

Swiss army secrets missing: The head of the Swiss army, which has not fought a war in 500 years, is stepping down following accusations that top-secret battle plans may have fallen into the wrong hands. Page 2

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Zaire's army faces Russian gas group to raise up to \$500m to strengthen hold on market Britain

Gazprom aims for eurobonds

The move could presage a lood of similar issues by Rus-

October received \$429.3m from an international share offer, is expected to raise between 250m and \$500m to finance investments to strengthen its already dominant hold on the European gas market. With the eurobond, Gazorom intends to test the market for

programme in the coming

health, and the breakdown of talks with the International Monetary Fund over the disbursement of the latest tranche of the government's \$10.2bn budget support loan. "As a matter of principle we do not want to have a mass issue," he said. "We will have

Power behind throne Page 15 .Page 15 Page 24 a small issue with a low yield. We want the first Russian

respectable status." Mr Livshits said he hoped the IMF would resume disbursing its credit after a review of

bond issued abroad to have a

debts. It, and the Gazprom issue, could clear the way for the rapid development of a corporate bond market, opening up a new source of capital for the country's biggest priva-

tised companies. Several of Russia's munici-pai authorities, including Moscow, St Petersburg, and Nizhny Novgorod, are also planning to issue debt finance

Mr Alexander Semenyaka. the Gazprom director responsible for raising capital, said the company needed \$400n to exploit its vast reserves in the Yamal peninsula, and could not finance the project solely

We will finance these needs

by a variety of means through project finance and the issue of hares and bonds," he said. Mr Semenyaka said Gaz-

raise finance because of the mderdevelopment of Russia's own capital markets. It would sell more equity to foreign investors following publication of internationally

acceptable accounts next summer. The Russian government has agreed that 9 per cent of Gazprom's équity can be sold

Gazprom's placement of 1.15 per cent of its shares abroad was beavily over-subscribed by international investors, sugsting there could be strong

set for over EU work rule prom had to look abroad to

> The British government is preparing for its most dramatic showdown to date with its European Union partners. over a European Court of Justice judgment due in ten days which is expected to implement a maximum 48-hour

working week in the UK. The government has been bitterly resisting the implementation of the restrictions, contained in a 1993 directive. . If the judgment goes against the UK, it will threaten to veto any EU reforms proposed at the current European intergovernment conference unless

the judgment is overturned. "We don't care whether or not there is a new EU treaty [under negotiation at the conference]. So if they exant it. they are going to have it play ball on the working time directive," said a senior politi-

The cabinet's combative siance follows the receipt of disappointing legal advice on their ability to delay implementation. Ministers bad hoped that they could buy time by insisting on a long period of consultation before Implementation.

However they have been advised that the November 23 deadline for other EU countries applies to the UK as well. The government denied it was once again talking tough, as in the early stages of the BSE beef crisis, only to back

"You have to understand that the prime minister feels passionately about the social angle of the EU," said one of

off when it came to the

"Having secured an opt-out not going to see all that thrown away just before the British election"

The working time directive would give employees in many industries the right to secure a maximum 48-hour working week. Mr Major felt he had

Continued on Page 16 Pension debt. Page 8

By John Thomhill and Andrew Gowigs in Mo

Gazprom, the world's biggest gas concern is planning to become the airst Russian com-pany is up the eurobond mar-ket ince the collapse of the it Union.

sian borrowers. The company, which in

Malaysian

banks in

complex

talks over

merger

Two Malaysian banks are

negotiating to merge into the

country's second biggest bank,

responding to a government drive to prepare local industry

for unrestricted regional com-

The government has pledged

to open its banking sector to

foreign competition by 2004. It

is aware that many of the 37 banks which serve Malaysia's

20m people would struggle to

compete with Asia's heavy-

The complex negotiations,

confirmed by officials yester-

day, are almed at merging

(wone Vik Bank and DCB

the conglomerate Malaysian

Resources (MRCB), is also

negotiating to take a stake in

the new bank. The name of the

new bank and the proposed

shareholdings of the respective

parties have not been revealed.

A merger of Kwong Yik and

M\$1.89bn (\$747m) and total

assets of about M\$45.7bn. This

would rank it behind May-

M\$94.2bn, and just above Bank

Bumiputra with assets of

The new group is likely to

operate a range of banking and

Mr Rashid Hussain the

stockbroker and owner of a

brokerage, is expected to be a

prime mover in the banking

and financial services com-

pany. Mr Rashid, the son-in-law of Malaysian tycoon

Mr Robert Kuok, has a reputa-

tion for innovation and profes-

sionalism in stockbroking.

The merger is expected to

happen in stages. DCB is

expected to acquire the Rashid

Hussain stockbroking house. In return, Mr Rashid - who

already owns 20 per cent of DCB – is expected to receive new shares. Later, DCB will

acquire Kwong Yik Bank and MRCB will also take a stake,

Through the MRCB stake,

industry analysts said.

about M\$45.6bn.

stockbroking services.

bank, which has total assets o

Holdings. Another company,

weight banking groups.

nonths. The eurobond move is likely to come swiftly after a Russian sovereign bond issue planned for later this month. Mr Alexander Livshits, the finance minister, said yesterday he still expected the sovereign eurobond issue to come during November This is despite fears over

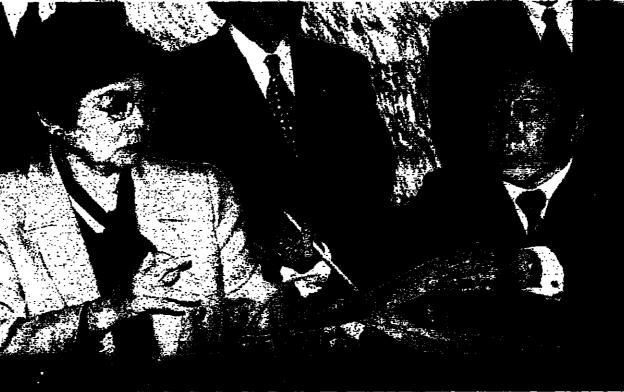
an aggressive capital-raising

President Boris Yeltsin's

Russia's progress in collecting taxes in mid-November. The sovereign debt issue is seen as a milestone in Russia's re-integration into the world economy, following agreements in principle with the

Paris and London clubs of official and commercial bank creditors to reschedule its

through cash flow.



Brussels approves French scheme to A merger of Kwong Yik and DCB would create a group with characholders' flinds of

By Gillian Tett in London and David Owen in Paris

The European Commission yesterday approved France's plan to use FFr37.5bn (\$7.36bn) of pension fund transfers from France Télécom to reduce its budget deficit to qualify for a single currency.
The speed at which the deci-

sion was taken irritated Germany and Britain Consultations with countries like the lar measures," he said UK had not yet been completed after doubts about the plan's legitimacy were raised

Mr Yves Franchet, director of the Commission's statistical wing, said France could use the pension fund transfers to cut its deficit to 3 per cent of gross domestic product in 1997. The move strengthened belief in the financial markets that political pressure would ensure that European Monetary Union takes place. The prices of European government bonds rose sharply, and the French franc rose to

the government will have a FFr3.3755 against the D-Mark. significant say in the new bank. In return, the bank is likely to be regarded favourafrom a previous close of FF13.379. bly by top officials - a crucial The Commission's decision delighted Mr Jean Arthuis, attribute in a country where the government often has an French finance minister, who influence over which compasaid it "confirmed his analynies are awarded a range of sis" that the move was permis-

commercial opportunities What we are seeing is Mal-However, it irritated some aysia Inc at work," said one European countries, including analyst at a local brokerage Germany, Mr Klaus-Dieter Kuehbacher, a Bundesbank guidance are everywhere." council member, argued that the decision was "wrong". One sign is the fact that Kwong Yik is a subsidiary of "It challenges other coun-

Continued on Page 16 fulfil the criteria to take simi-

French unemployment rose in September to a record 3.11m as an opinion poll showed prime minister Alain Juppe's popularity at a record low. The Bank of France clipped five basis points from its intervention base rate to 3,20 per cent. Markets felt little effect. Report, Page 2; Paris may sell part of GAN, Page 2

reflecting concern that countries such as Italy may now

copy the French move.
Some economists also warned that the decision could exacerbate splits between the Bundesbank and other European countries about how strictly the Emu criteria should be applied.

The European Monetary Institute is to publish its report on Einu convergence next week. Some diplomats believe this may take a more rigorous approach than the Last week a meeting of the

Commission's statistical advisory committee revealed that German, British and Dutch officials doubted whether it was legitimate for France to use France Télécom funds in its budget calculations. The Commission asked each

mber state to comment and said yesterday that a "large majority" of countries accepted France's move, but it refused to reveal the size of this majority.

The statistical advisory committee now plans to hold an emergency meeting to formulate its response next Monday.

Japanese prime minister Ryutaro Hashimoto, right, ledicates to Takako Dol, Neder of the leftwing Social Democratic party, a member of the previous coefficien, where alle should sign a policy accord in Tokyo yesterday. The agreement, which also involved the New Harbinger party, should allow Mr Hashimoto's conservative Liberal Democratic perty to govern as a one-party misority government, with its two former

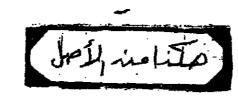
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tries which seemingly do not



French jobless at record level

By David Owen in Paris

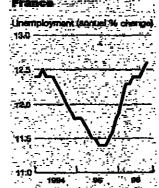
French unemployment rose more than expected in September. It climbed by 27,700 to reach a record high of 12.6 per cent, as an opinion poll showed the popularity of Mr Alain Juppe, the prime minister, falling to a record low.

The unemployment rate reported by the labour ministry was the same as that initially recorded for August but this was subsequently revised down by 0.1 percentage points to 12.5 per cent. The September figure is more than a full point higher than the level a year ago. Yesterday's figures, which took the overall number out

of work to 3.11m. came as the Bank of France shaved five basis points from its intervention base rate to 3.20 per cent. The move, which was smaller than expected, had little immediate impact on the markets.

The opposition Socialist party seized on yesterday's jobless statistics, saying the "inexorable" rise in unemployment was a "disastrous consequence of the restrictive economic policy" of Mr Juppé's government. It said that the most worrying aspect of the figures

was the increase in unemployment among young peo-"an absolute priority". ple under 25 years of age. It pledged to give this problem



The party's comments came as a new survey

showed Mr Juppe's popular- days for its handling of the entered office 17 months-

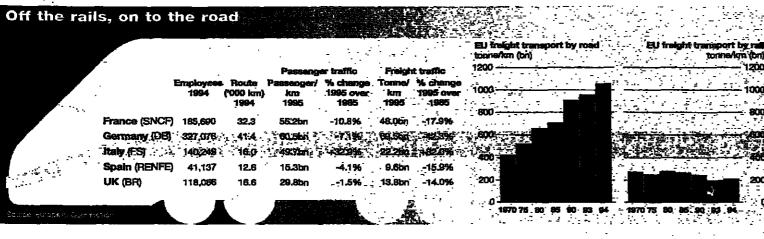
Actuelles said 24 per cent. or less than one in four, of 1,000 respondents questioned were satisfied with the prime minister's performance, down from 30 per cent a month ago. This figure was lower even than the 27 per cent approval rating for Mr Juppé recorded last December around the time of the crippling public-sector strikes that virtually paralysed the

The government has been criticised strongly in recent

ity at its lowest level since sale of the Thomson electronics giant to the Lagardère defence group. Earlier The Louis Harris poll for this week, it tried to defuse the magazine Valeurs the situation by promising a full parliamentary debate before a definitive decision was taken.

The survey also showed a five-point increase to 70 per cent in the proportion of respondents who believed the economy was deteriorat-

Adding to the gloomy picture, the Unedic unemp ment insurance scheme yes terday revised up its jobless forecasts and predicted unemployment would not finally stabilise until 1998.



Red signal ahead for EU rail aid

continent are caught in a time-warp. There is no single market, competition rules do not apply and rail companies in most EU countries are heavily subsidised.

While liberalisation has forced deregulation in energy, telecommunications and some parts of the transport industry, such as airlines, most EU rail operators have been left untouched.

But their cosy position could be coming to an end. Plans are being drawn up in Brussels to strip rail companies of their right to unlimited state aid, force the break-up of monopolies which control infrastructure and services, and remove barriers to EU-wide rail networks.

Said one EU diplomat: "The choice is between governments pouring money into a bottomless pit. or doing something about loss-making monopolies. The Commission is

Rail operators from the 15 EU countries have been meeting in Brussels this week to map out the first "freight freeways" across the European Union. The idea, spearheaded by the Commission, is to force the pace of change by pressing ahead with corridors running through several EU countries to prove that rail can match the speed and reliability of road hauliers.

Rail freight services have been in steady decline for 25 years. Hauliers have taken to the road as rail freight for rail in line with those for airspeed has dropped to an average lines. This would mean only large

By William Hall in Zurich

The head of the Swiss army,

which has not fought a war in 500 years, is stepping

down following accusations

that some of his top-secret

battle plans may have fallen

General Arthur Liener, 60.

who has commanded Swit-

zerland's 400,000-strong

part-time army for four years, has announced be

will retire at the end of

1997, a year earlier than

for his departure but it is believed to be linked to the

forthcoming publication of

the findings of an investiga-

No reason has been given

into enemy hands.

Brussels is intending to shake up the Continent's cosseted railway companies, writes Caroline Southey

speed of 25km per hour. Between 1970 and 1994 rail lost half its market share as road freight increased by 150 per cent. Although railways carried 25 per cent more passengers. this figure must be set against a 120

per cent rise in car ownership. The merit of the freight freeway initiative is that it requires no legislation or large investment in infrastructure. As a result, all member states have volunteered to take part. One of the first of six routes to be considered will run from the ports of Rotterdam, Antwerp and Hamburg through Germany and Austria to Milan.

The Commission hopes the corridors will set useful precedents breaking down national barriers and sweeping away out-dated practices. These include different signalling and safety standards, limited and tracks, as well as crew and locomotive changes at borders.

However, the enthusiasm for the freight freeways could easily evaporate once Mr Neil Kinnock, the transport commissioner, begins an assault on commercial structures.

A key element of his strategy includes bringing rules on state aid

restructuring projects and subsidies for public service networks would be entitled to assistance. "The nuclear option would be to apply wholesale all the rules on state aids. But we don't want to do that. Not yet any-

way," a Commission official said. The intention is also to force rail companies to put their infrastructure and operational divisions under separate and distinct managements. There has to be some independence between those running the services and those owing the track. Otherwise newcomers have no chance of breaking into the market," an industry official said

tackle the staunchly national character of EU rail companies. Mr Kinnock will have to consider whether to apply three-year-old nationally dominated access to laws on public procurement which cover the water, energy, transport and telecommunications sectors. These set down the principles of as France, Spain, Portugal and Belnon-discrimination between suppliers as well as procedures for open tenders. Competition rules which forbid discrimination by dominant

suppliers could also be enforced. The commissioner wants governments to write off debts accumulated before 1993. However, as a quid pro

quo, rail companies would have to be run on a commercial basis. "The idea is to get away from the debt culture. This should be attractive to many member states trying to meet the criteria for joining a single currency," the EU diplomat said.

Brussels admits the changes will cost jobs, but argues that opting for no change is a recipe for disaster. It has proposed that EU social funds be used to ease the impact.

Opposition to the plans is widespread. Strongly unionised rail companies such as the Belgian SNCB/ NMBS and the French SNCF are

opposed to radical restructuring. There is no need to cut jobs, to make a revolution. We are competing against an uncontrolled sector where the market is totally free and where users do not pay the proper price for the service. We do not need this kind of cowboy competition." said Mr Hugues de Villele, secretary

transport workers' unions. Mr Kinnock can expect strong backing from Sweden and Britain. while countries such as Germany. Denmark, Italy and the Netherlands gium, could well balk at the more radical measures

There is a lot of opposition to most of the ideas. As things stand now there is not much room for optimism," said an industry analyst. But, he added: "Don't write Mr Kinnock off. He can be very persuasive.

erable and conflicts with the

stance of Mr. Adolf Ogi,

that there should be "no

shadow of a shadow" in the

Nevertheless, Gen Liener's

decision to take responsibil-

ity for the misdeeds of his

subordinates has led to con-

newspaper, which has strong army ties, argued in

an editorial yesterday that if

politicians were to follow

the general's example and

resign whenever there was a

problem it would be a "fatal

The Neue Zürcher Zeitung

siderable sympathy.

affairs of his department.

When the authorities army minister, who is a wooped on Col Nyffeneg-strong advocate of the motto

Paris may sell part of GAN to private investors.

By Andrew Jack in Paris

The French government is considering allowing a number of private sector investors to buy some of its shares in the state-owned GAN insurance group as part of a move to recapitalise and sell it off as soon as next

The initiative has the implicit support of the European Commission, which mentions the option in its official judgment on a previous recapitalisation of GAN carried out by the government last year, a draft of which has been obtained by the Financial Times.

The Brussels judgment also sets conditions which are likely further to fuel the controversy around the sale of the CIC banking group, which is controlled indirectly by the state through GAN, and which is currently being privatised by a trade

The document rules that an injection into GAN in 1995 of shares the govern-ment held in both the petroleum group Elf Aquitaine and in CIC should be considered as a form of state aid provided to the insurance group to the value of FFr2.9bn (\$570m).

However, it concludes that the aid was justified under European competition rules because it met the legal requirements of a restructuring of a company in diffi-

GAN last week reported losses of FFr1bn for the first half of the year, on top of heavy losses in 1994 and 1995. These were largely related to its heavy exposure to loans in the property sector incurred by a subsidiary of CIC which is now managed directly within the holding company.

The Commission stresses in its judgment that its approval of the FFr2.9bn in French government aid is conditional on a restructuring of GAN and, among other factors, on the partial privatisation of CIC.

It also says it "understands" that the CIC sell-off needs to respect long-standing partnership in which CIC sells GAN's insurance products in the bank's

However, there is growing pressure on the Paris government to postpone or abandon the CIC sale, in view of fears over both the low value of the bids and the fact that the two potential purchasers are rival French banks – Société Générale and Banque Nationale de Paris – which may pull CIC apart and jeopardise its links

with GAN. GAN itself is believed to be pushing for the sale of CIC to be postponed until after its own privatisation has taken place, and after it tion of FFr5bn-FFr6bn. Some of the latter it believes could be sought from a core group of private sector investors who would take the majority of the capital. It favours a subsequent sell-off to the general public of the remain-

ing shares. The Brussels decision also criticises the French government for the way in which the recapitalisation of GAN was carried out. It says it learnt about the rescue plan last year only by reading newspaper reports, and that it was forced to make repeated requests over many

months for further informa tion before being able to ana-

EUROPEAN NEWS DIGEST

Brussels clears Telekom offer

The European Commission yesterday cleared a controversial plan by Germany's soon to be privatised Deutsche Telekom to offer its business clients rebates of up to 49 per cent. In a statement, Mr Karel Van Miert, the competition commissioner, said the agreement was conditional on the conclusion of retroactive network access agreements between Deutsche Telekom and its competitors by December 31, and on the German post and telecommunications ministry taking additional regulatory steps required for competitive network access in the

The rebate plan had been subject to complaints by competitors, which include WorldCom of the US as well as subsidiaries of Veba, Vlag and RWE. They claimed that Telekom and the ministry had failed to fulfil the strict terms laid down by the Commission in June for the rebates to be allowed. Telecoms investors may quit Ukraine, Page 3

Telefónica share warning

operator due to be fully privatised early next year, could collapse unless the eventual to the collapse unless The there value of Telefonica, the Spanish telecoms collapse inless the government speeds up liberalisation of the sector, Mr Juan Villalonga, its chairman, said yesterday. He warned that any delay in opening Spain's market by the January 1, 1996 deadline agreed by most EU countries would prompt the European Commission to bar Telefonica from membership of Unisource, an alliance

of smaller European operators.

A Unisource ban would have an immediate effect on Telefonica's share price. "It could improve the price) by 15-20 per cent." he said.

The government plans to sell its remaining 21 per cent stake in Telefónica early next year in a disposal that would raise Pta505hn (\$3.9bn) at current market prices. The share price, which is trading close to record levels, lost Pta20 yesterday to close at Pta2,560 A 20 per cent drop in its share value would knock close to Pta100bn off what the government hopes to raise through the Tom Burns, Madrid

Italian growth forecast cut

The Bank of Italy yesterday offered a far more caultious estimate of economic growth next year than the 2 per cent projected by the centre-left government. Its bi-annual economic bulletin says the sheer size of the budgetary measures due to be introduced next year are bound to have a negative impact on growth. It expects gross domestic product to be "about half" that predicted by the

The bank confirms the view of most economists that depressed consumption and slack domestic demand against a background of weaker export markets, will restrict this year's growth to under 1 per cent.

The two-stage 1997 budget, due to be voted on in the chamber of deputies this mouth, aims to find L62,500bn (\$41hn) in spending cuts and fresh taxes. This is equivalent to removing 3 per cent of gross domestic product from the economy. The bank further points out that additional corrective measures will be required in 1998 to the tune of L27,000bn.

For the first time in many years, the bank is more sanguine about inflationary trends. It says inflation next year should be below 3 per cent, although wage demands would need to be moderated.

Stet chief 'investigated'

The head of Italy's state telecommunications holding, Stet, and the third highest official in the tax police were yesterday placed under investigation in a corruption probe, state television reported, quoting judicial sources It said magistrates in the north-western town of Aosta alleged that Stet managing director Mr Ernesto Pascale was involved with a secret group set up to try to influence public and government appointments.

Tax police chief of staff Nicolo Pollari was reported to be under investigation as an accessory. The deputy head of the tax police, Michele Mola, was recently placed under investigation for the same offence, Italian media reported. Magistrates allege that both tax police officials tipped off a member of the separatist Northern League party that his telephone was bugged.

Mr Pascale issued a statement saying: "I can't even magine what hypothesis this investigation is based on. There's never been anything secret in my life and I am sure that this can be demonstrated as quickly as possible." Mr Pollari called the investigation bewildering".

French film director dies

Marcel Carné, director of the French film classic Les Enfants du Paradis, died yesterday aged 90. Carné pioneered the French "film noir", winning widespread acclaim in the 1930s and 1940s, and worked consistently for three decades after the second world war. He won widespread acclaim for Quai des Brumes and Hotel du Nord in the 1930s and 1940s, but will probably be remembered best for Les Enfants du Paradis, starring Arletty, Pierre Brasseur and Jean-Louis Barrault, which evoked the street life of Paris in the mid-19th century.

He was hit by the end of his partnership with criptwriter and poet Jacques Prevert in 1947, and then by the arrival of the French "new wave" in the late 1950s which rejected his classical style of film-making. His post-war career was plagued by critical and commercial setbacks. "The last couple of films I made were not a success. I didn't want to become academic and dry," he

ECONOMIC WATCH

EU inflation at low level

European Union inflation 1606

in September remained at the record low level it reached in August, rising at an annualised rate of 2.3 per cent, Eurostat reported. inflation stood at 3.2 per cent. Nine of the 15 EU countries registered rates at or below 2 per cent, with Sweden performing best at 0.2 per cent and Greece worst with inflation of 8.5 pet cent. Reuter, Brussels

Greece's first-half ■ Greece's first-half current account deficit jumped by 47.3 per cent to \$3.15bm, according to the

Bank of Greece. Although the balance of payments gap widened by only 3.8 per cent to \$8.9bn, receipts from invisibles showed a sharp decline. Imports increased by 2.8 per cent to \$11.8bn, while exports were flat at \$2.8bn. The surplus on invisibles fell by 10.6 per cent to \$5.7bn. Income from tourism was down 14.8 per cent to \$1.4bn. while transfers from the European Union dropped by 8.3 per cent to \$2.2bn because of the slow rate of disbursement of grants for intrastructure improvements.

Kerin Hope, Athens Finland's gross domestic product rose 2.1 per cent year-on-year in August. ■ Unemployment in Norway fell to a seasonally adjusted

3.6 per cent in October from 3.9 per cent in September.

But the damage to public Romanians spoilt for choice in polls

300 with less sensitive infor-

swooped on Col Nyffeneg-

of the red CD-Roms along-side his other CDs in his

music collection. The hap-

less colonel was sent to jail

and the army has still not

been able to account for the

whereabouts of all its CD-

The army has played

down the importance of the

loss to the country's

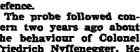
national security. Battle

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cern two years ago about the behaviour of Colonel Friedrich Nyffenegger. He had been charged with overseeing the army's first foray into the computer age - putting all the information needed by Switzerland's military high command on to CD-Rom computer discs.

Until then the information, which ranged from troop deployments to battle plans, had been updated every year in two large books which were issued to every senior officer.

The CD-Roms

President Ion Iliescu:

seeking third term

tion into recents events at intended to cut costs and information, and another confidence has been consid-

Switzerland's ministry of speed communication. The project seemed to be proceeding with typical Swiss efficiency until Col Nyffenegger's jilted wife informed the authorities that some of her husband's CD-Roms may have fallen into the wrong hands. As any soldier knows, losing one's equipment can be a court-martial offence. At last count, Switzerland

had 148 fighter jets, 730

Move to computers defeats Swiss army

combat tanks, 300 anti-tank guns. 1.800 mortars and 400 CD-Roms containing the secrets of the army's top

bitter two-month election

There were 100 red CD-Roms with the most secret

plans have been changed and a new set of CD-Roms

Virginia Marsh watches the final TV debate between 16 presidential hopefuls

campaign last night with a tense marathon television debate between the 16 candidates in Sunday's presidential elections. Voters, who will also elect a new parliament, faced a dazzling choice. As well as Mr Ion Illescu, the incumbent, the debate included a ers in 1991. faith-healer, a flery nationalist who was one of the late Nicolae Ceaușescu's favour-

ite poets, the car owners' party candidate, an ethnic Hungarian lawyer, a retired general and a heart surgeon called Ioan Pop de Popa. The debate, broadcast live from the deposed dictator's vast Palace of the People, in the presidential polls, his also saw a rare meeting Party of Social Democracy between Mr Riescu, who is

Romania wrapped up a standing for a third term, dominated by former Comand Mr Petre Roman, munists, is trailing the oppo-Romania's reformist first sition Democratic Convenpost-Communist prime minister. The two men worked together closely in the aftermath of Ceausescu's violent overthrow but have been the bitterest of enemies since Mr Roman's government was toppled by rampaging min-

> Despite the many candisuggest about three-quarters of voters will opt for representatives of the three main sign that the fledgling enter the new legislature. democracy's fractured political scene is maturing. While Mr Iliescu is ahead

tion, a centre-right coalition. in the parliamentary race. Mr Roman's technocratic Social Democratic Union is in third place in both contests but hopes to join a Convention-led government. Several small parliamen-

tary parties, including the extreme nationalists and dates, however, opinion polls neo-Communists which have supported the PDSR's fouryear minority government, are hovering around the 3 groups in both contests - a per cent threshold needed to In last night's debate can-

didates were limited to answering questions and discussing policy, in contrast to a campaign marked by (PDSR), a leftwing group insult-swapping, alleged dency on November 17.

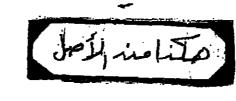
over organisation of the elec-In aggressive video-clips. Mr Iliescu's campaign has accused Mr Emil Constanti-

dirty tricks and controversy

nescu, the Convention's candidate, of being a closet monarchist intent on returning farmland to large landown ers. Mr Roman, who is half-Jewish, has faced anti-Semitic attacks while Mr Hiescu has been heckled and booed by factory workers who were once solidly behind him.
Mr Iliescu is expected to

face Mr Constantinescu, an academic, whom he defeated easily in the last elections four years ago, in what is likely to be a tightly contested run-off for the presi-

n trock prilities at the state of



Telecoms investments in Ukraine under threat

By Matthew Kaminski

Two of the largest foreign investments in Ukraine are in jeopardy after the government last month raised tariffs and changed licensing requirements for cellular telephone operators.

The changes have hamstrung plans by a jointventure company called Ukrainian Mobile Communications (UMC) - formed in 1992 by Ukrainian Telecom, Deutsche Telekom, PTT Netherlands and TeleDanmark - and separately Motorola of the US to operate GSM cellular services in Ukraine.

The dispute highlights the difficulties faced by foreign companies in Ukraine, which has attracted barely \$1bn in investment since 1991, one of the lowest per capita figures

in the region. UMC shareholders, at a meeting on Tuesday in Radio Systems (URS) that Copenhagen, warned the company would rethink its \$300m commitment planned over the next three years unless the Ukraine government honours what it claims is a binding promise made in

The Ukrainian cabinet moved yesterday to open up the lucrative gas distribution business next year under pressure from President Leonid Kuchma, writes Matthew

Mr Kuchma implicitly criticised the current scheme, which gives two influential companies, United Energy Systems (UES) and Itera, a virtual duopoly, by telling Interfax-Ukraine news agency on Wednesday that the

distribution market should become competitive. The Ukrainian leader made the statement after a meeting with Mr Rem Vyakharev, the head of Gazprom, the Russian gas monopoly. It appears directed at Mr Pavlo Lazarenko, the prime minister. His position has been undermined by allegations that he personally benefits from his involvement with UES and other business

The charges coincide with the growing influence of officials from Dnipropetrovsk, a large industrial city in eastern Ukraine, within the government since Mr Lazarenko took over in May. Both the prime minister and

Mr Kuchma are from Dnipropetrovsk. With an annual turnover of \$5bn, UES this year won a government mandate to handle 25.2bn cubic metres of natural gas, nearly half the 58.13bn cubic metres imported each year. Itera supplies 18.46bn cubic metres.

Motorola, which got its GSM licence through a jointventure with Ukrainian was formed last year, has plans to invest \$500m over

inet said all mobile telephone operators must renew the next 15 years. UMC officials are alleging their licences before the new year and set tariffs for radiothe Kiev government frequency use several times changed the rules in order to above regional standard. is a binding promise made in push out western competi-a 1992 licence to award it a tors from the growing director of UMC, said the GSM frequency. mobile telephone business. company had already made

a \$90m investment - \$12m alone to test out GSM technology - in a risky country on the assumption that the GSM frequency would be allocated and reasonable rates set. UMC had a local monopoly until last year, "I hope the Ukrainian govern-ment understands that when investors lose trust in a country it will have serious repercussions on its image abroad," he said.

Ukrainian officials counter that the government has no contractual obligation and can enact new licensing pro-

"We don't have a government guarantee signed by [President Leonid] Kuchma," said Mr Gregory Perchatsch, Motorola's country manager. But we have promises that they would be allocated fre-

Two other companies, BK Telekom of Yugoslavia and Kiev Star, a Ukrainian company, last week were awarded GSM licences. The frequencies may now be awarded by another means, such as a tender

UMC officials said this further undermined the initial agreements. "There's only room for two" GSM opera-tors, said Mr Perchatsch. including the new Bastille

Tom Burns on why potential global partners are closely following developments

Centre a victim of its own **success**

By Andrew Jack in Paris

Just 20 years after it was opened, one of Paris' best known cultural attractions is to largely close down or transfer most of its activities to allow for wide-ranging renovations due to last for

The Georges Pompidou centre, at the heart of the French capital and one of the most visited tourist sites in Europe, is to launch an ambitious reconstruction programme set to cost

FFr440m (\$86m). The changes should offer relief to visitors to the centre who in recent years have faced the prospect of frequent break-downs in its moving escalators, and the sight of peeling paint and widespread rust on its famous multi-coloured exter-

nal pipework. They come at a time when a number of Paris' leading public monuments constructed in the last few years are running into difficulties.

opera house and the Grande Arche at La Défense to the in no way a criticism of the original design, and that west of Paris, both of which structurally the building was are suffering from cracking entirely solid. Their aim was to increase the internal

The repairs stand in stark space available. contrast to the apparent Mr Guillaume Cerutti, durability of many of the city's longer established buildings, such as the Comédirector general of the cen-tre, said: "In many ways, the die Française, which has building is a victim of its own success." He pointed lasted more than 200 years out that in place of the origi-

He also stressed that during the renovations - the pace of which has been bition space, as well as the external stairway offering Paris, will remain open, with

the library moving nearby. the centre will re-open ahead of the millennium, when the huge digital clock counting



The Pompidou Centre, 20 years old and receiving a facelift

without more than modest nal estimates of 5,000 visidown the seconds to the year periodic facelifts. However, officials unveiltors a day, there were up to 2000 which stands at its ing the Pompidou's plans in 25,000, with an average of 8m entrance will have theoreti-Paris yesterday were at a year or 160m since it cally reached zero on its pains to stress that the modiopened in 1977.

Spanish television market engages in bitter political battle

Global television groups seeking to secure alliances in the Spanish market are being presented with a fractured industry that pits big domestic players against each other in a poisoned political atmosphere.

At stake is the launch early next year of digital satellite services with local and Latin American partners which are estimated to generate a free cash flow of Pta36.6bn (\$285m) in Spain and earnings of Pta21.4bn on sales of Pta108bn at the end of 10 years.

These projections are based on the formation of gramming company.

subscribers. The income esti- following Spanish developming providers if the services embrace the Spanishspeaking world. The problem is that two

digital platforms are being planned. Aside from dampening profit forecasts, the rivalry has confused prospective partners. There is no feasible working arrangement at present so we are talking to everyone," said an executive of one US pro-The list of potential for-

mates are much higher for ments is a long one. It broadcasters and program-includes US companies DirecTV, the digital broadcaster which is part of the Hughes Electronic Corporation, Time Warner, and Venezuela's Cisneros group. which is one of the world's largest producers and distributors of Spanish-language programmes, Mexico's Televisa network, the UK satellite company British Sky Broadcasting that is 40 per cent-owned by Mr Rupert Murdoch's News Corporation and Germany's Leo eign players who are closely Kirch group.

Neither UMC nor URC

Instead, the Likrainian cab-

were allocated GSM frequen-

services in January, is being promoted by Sogecable, the broadcaster controlled by Grupo Prisa, the main domestic media company and the publisher of the influential top-selling newspaper El País. A second, which plans to begin operating in March, is being led by Telefónica, the national telecoms company that is 21 per cent state-owned and due to be privatised next year.

Telefónica announced yesterday that it had contracted relays with Hispasat, the vision business, Sogecable Spanish satellite that it part said it would make an initial has now some 1.5m subscrib- minister Mr José Maria privatisation.

One platform, due to start owns together with other investment of Pta50bn. state-controlled companies. in order set up its digital infrastructure. "This is a strategic project for us," said Telefónica chairman Mr Juan Villalonga.

Two weeks ago Sogecable signed a relay deal with Astra, the French satellite system, and said its decoding equipment would be supplied by France's Canal Plus which is one of the Spanish broadcaster's biggest shareholders. In a clear bid to lead Spain's move into a new tele-

DirecTV, one of Sogecable's initial backers, was understood yesterday to be reassessing its alliance with Grupo Prisa in the light of Telefónica's aggressive bid to enter the sector. "We are conducting feasibility studies with Sogecable but there is no firm agreement,"

the California-based broad-

marble on their façades.

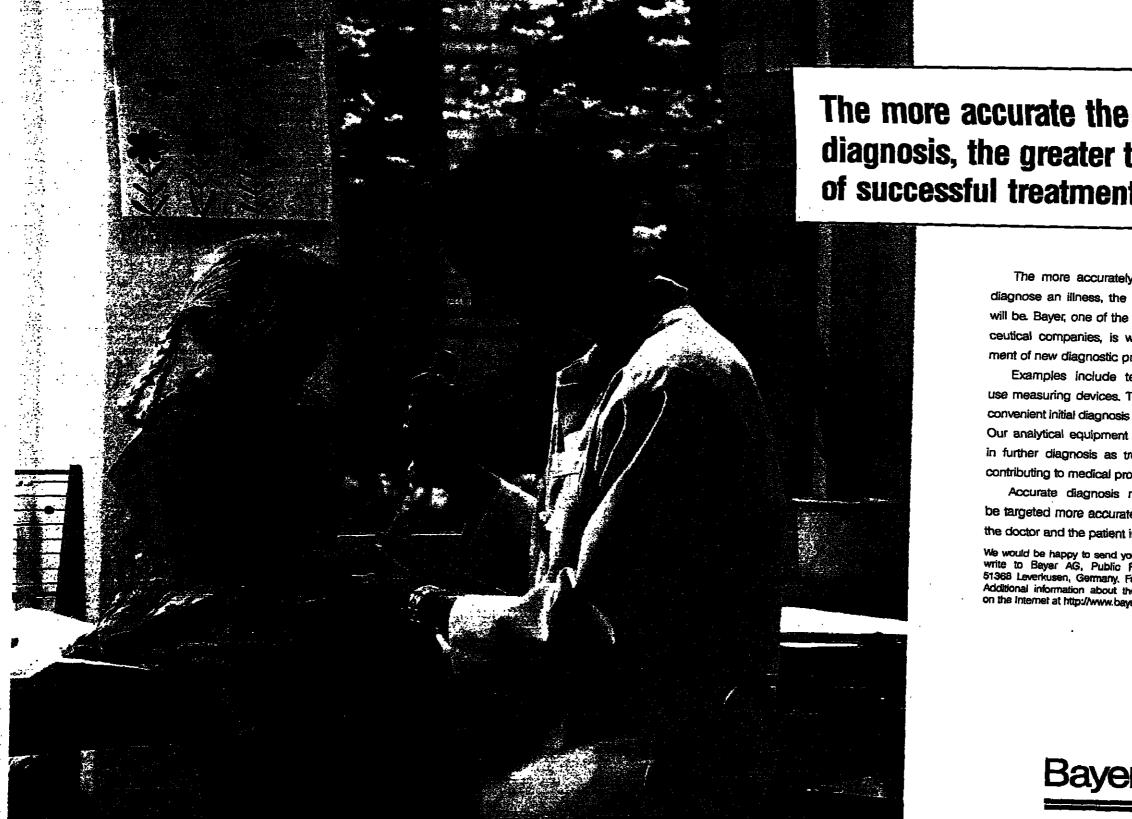
caster said. Ironically Telefónica and Grupo Prisa, which pioneered pay TV in Spain seven years ago with Canal

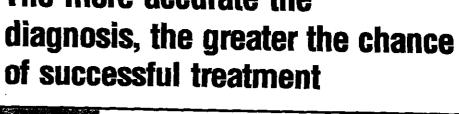
ers, had signalled a far-reaching agreement early this year to jointly develop cable television. However, this arrangement fell foul of general elections in March that brought the centre-right Popular party to power replacing the Socialist party.

The political change ended what critics of Grupo Prisa claimed was the advantageous position enjoyed by left-leaning media group during the years of Socialist try. They believe this overtly rule. When Mr Villalonga, a former investment banker Plus España, a network that and a school friend of prime

new government to run the telecoms company, he abandoned the cable project and repositioned Telefonica into a Grupo Prisa rival for the digital business.

Mr Villalonga's supporters say the venture is an intelligent defensive move against foreign telecoms groups seeking a backdoor entry into Spain via Sogecable. But critics say he is spearheading a government crusade to keep the hostile Grupo Prisa out of the induspolitical battle will reduce the operator's investor appeal as it approaches full





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Expertise with Responsibility

Nowhere man **Perot shows** a late surge



ELECTIONS

finally be this dential election, to be decided on Tuesday.

day. Mr Ross Perot,

candidate of

own

He has begun to nudge into double digits in some national public opinion polls, apparently benefiting more than Mr Bob Dole, the Republican candidate, from the scathing attacks both have launched against President Bill Clinton's ethical

He has even challenged the president to an election eve debate on the acceptance by Mr Clinton and his Demo-

grounds that the president was otherwise engaged. Mr Perot also inserted himself into the widely

watched Senate race in Massachusetts by coming to Boston to endorse Republican Governor Bill Weld, who is locked in the tightest of contests with Mr John Kerry, the incumbent Democrat. His mini-surge in the polls to double the support of two weeks ago still brings Mr

Perot to barely half the 19 per cent of the popular vote he took as an independent candidate four years ago. But final pre-election polling then, giving him 12-14 per cent, underestimated his eventual appeal. His advance appears bad

news for Mr Dole, whose mantra long has been that a vote for Mr Perot is, in effect, a vote for Mr Clinton. especially in those states where the two main contenders are close. Last week Mr



Lacklustre Perot doubles support of two weeks ago

draw from the race but got on his opponent's ethics the back of the Texas billionseems to have helped Mr aire's hand in response. In Massachusetts Mr Weld had appeared to have drawn level with Mr Kerry prior to their eighth and final debate in Boston on Monday night. But a combination of the senator's arguments directed

Kerry, who had re-opened a 6-point lead in a small sample Boston Globe poll. Mr Perot's endorsement of

Mr Weld was delivered in typical fashion. Giving a speech, he kept the governor waiting off stage for Dole even unsuccessfully at women voters and the a good hour while he invited Mr Perot to with- governor's relentless assault laid into the "huge

But he finally described the governor as a "doer" who "got rid of the red ink" in Massachusetts, which

moral, ethical and criminal problems" facing Mr Clinton and the "rotten corrupt practices" in the money-raising techniques used by both par-

California Latinos find their voice

By Christopher Parkes in Los Angeles

alifornia's quiet minority the Latinos who make up a quarter of the state's population - have found their voice. It will be heard in an unprecedented chorus in next week's presidential, congressional and state legislature elections. A record 1.4m are expected to vote, 25 per cent more than in the 1992 poll which brought President Bill Clinton to power. All but 20 per cent of them favour the Democrats, according to the Tomas Rivera Policy Institute, a regional think tank.

Their votes are probably not critical in the main race, where latest samplings show Mr Clinton still handsomely ahead of Mr Bob Dole, but their 10 per cent share of total votes in the state represents a valuable resource for Democrats hoping to regain control of Congress.

It is an even more powerful lever in Mr Clinton's party's efforts to regain control of the evenly divided state assembly, where the Republispeaker's chair.

of national significance in a country the actively to court support. Rather which in 10 years will see citizens they have found votes driven in with Latin American origins or their direction by leading Republiancestry displace African-Americans

as the country's largest minority. According to Mr Fernando Guerra. an academic analyst from Loyola Marymount University, Latino support is now more clearly in the Democrat camp than at any time since 1976 when the group's voting patterns were first monitored. He calcu-

gual education, a looming state referendum on a proposal to end affirlates at least 40 city councils in the mative action to benefit minority

anti-immigrant.

A record 1.4m Latinos are expected to vote and 80% favour Democrats

state are mostly Latino.

For years, with exceptions such as the stoutly Republican Cuban group. California's Latino vote has showed few distinct political tendencies despite the innate conservatism of a religious, hard-working and socially introspective community.

In the past, the turnout has tended to under-represent the group. But Democrats have done relatively lit- expected to bring out a higher pro- well rest in the hands of Latinos.

students and workers, and existing measures to exclude illegal immigrants from public education and

cans, including Mr Pete Wilson, the

state governor, and Mr Bob Dole, the

Republican presidential challenger,

who have strongly supported initia-

tives on issues widely perceived as

These include opposition to bilin-

health services. Mr Jesus Silva Herzog, the Mexican ambassador in Washington, echoed widespread resentment when he said the presidential campaign had generated an "anti-immigrant atmosphere, with a certain flavour of being anti-Mexican."

portion than usual of Latinos.

can control in the Sacramento assembly, Latina Democrat Ms Lily Cervantes faces the Republican incumbent, Mr Peter Frusetta. Ms Cervantes lost the race last time by 700 votes, since when 5,000 Latinos have registered as Democrats.

the 46th Congressional district running close to the line of where half the population is Latino. overt appeals to racial

Here, in deeply conservative Orange County, another Latina Democrat candidate with no political experience faces a right-wing toughguy who set the tone by accusing his opponent of attending a gay-sponsored fund-raiser organised by "sodomites." Ms Loretta Sanchez, a Republican until 1992, has been lavished with financial support from gay groups, environmentalists, pro- pictures with choice advocates and supporters of every cause Mr Robert Dornan, the resilient Republican incumbent, so robustly denounces in Washington.

call. This suggests Ms Sanchez has relations committee. His Another proposal on next week's quickly found substantial support own appearances were kept

In one rural area, widely touted as the make-or-break seat for Republi-

But most eyes are on an apparently uneven struggle developing in

Polls say the race is too close to chairman of the foreign at the start of the campaign

Helms dies hard in North Carolina

Ageing political streetfighter looks odds on to win a fifth term in the US Senate

By Jurek Martin in Greensboro, North Carolina

looks it. A heart condition has slowed him down, a bone looks it. A heart has e has turned his long stride into a shuffle, he wears hearing aides in both ears and his complexion,

once ruddy, appears waxen.
But it would be premature
to assume that political mortality is necessarily catching up with Mr Jesse Helms, much as his legion of foes might wish it. They include American liberals. US trading partners, any developing foreign country. especially those with gimes even slightly to the regimes even slightly to the last bureaucrat, the state department in Washington.

They do not, however, North Carolina. Some doubts may remain but the odds are that on Tuesday he will be returned for a fifth term in the US Senate where he will again act as scourge of the left at home and overseas, enemy of foreign aid and sponsor of controversial legislation. like the Helms-Burton act punishing foreign companies for

trading with Cuba. It is always instructive for students of politics to observe a Helms election. This time, as in 1990, he is opposed by Mr Harvey Gantt, former mayor of Charlotte, a successful architect, an energetic and fluent campaigner - and

His approach had been a little different from six years ago, when Mr Gantt led early before being swamped by a tidal wave of negative advertisements, many prejudice. Mr Helms won by 53-47 per cent, about the average for his victory margins from 1972 onwards. His new campaign team,

according to Mr Dan Gurley. political director of the state Republican Party, sought to portray a "kinder, gentler Jesse," right down to his grandchildren and much tbe emphasis οп "statesman's" role he had assumed in Washington as

bordering on 10 points, the appearance on Tuesday, on old Helms dies hard. Over the edge of a vast Wal-mart the last week a new round of TV commercials has hit the air waves, accusing Mr Cantt of taking advantage of "minority privileges" to win state contracts for his architectural business. "He's more subtle than he

used to be," observed Mr Ned Cline, the veteran political commentator on the Greensboro News and Observer. "Thirty years ago, he would not have hesitated to use the n-word."

Mr Gantt, in good form at a rally outside High Point this week, insists Mr Helms is going "negative" in order to avoid discussion of the real issues. Even Mr Gurley concedes "some debate" in Republican circles over the

Helms: age and disease have

controversial,

journalism"

experiment in issue-oriented

undertaken this year by several North Carolina

They took an extensive

state opinion poll to identify

voter concerns and sought to

follow through by tilting

their coverage, often pooled,

to those deemed most

important. Candidates were

asked to submit to two long

interviews on the issues, one

early in the year, the second

Mr Gantt agreed, if

not seen him off

second largest industry -No North Carolina politician interested in winning takes on tobacco with impunity – and Mr Helms is its staunchest supporter. Even popular Democratic Governor Jim Hunt, assured of re-election on Tuesday, talks of 260,000 jobs in tobacco and has filed suit against administration's proposal to place the industry under the jurisdiction of the Federal Drug Administration.

parking lot in Sanford, he

was briefly besieged by

reporters. "Why not sit down

with us for just 20 minutes?

one local begged. "Why?" he replied and stepped into his

bus. Naturally he has also

refused to debate Mr Gantt.

North Carolina, where the "liberal media," state and

national, is held in unusual

stoked by Mr Helms, has

been heightened by what the

state generally considers an unconscionable attack by

the Clinton administration

and its press "allies" on its

It is a tactic that works in

It also helps Mr Helms that the population influx into his booming state -700,000 since 1990 - has turned out to be more Republican than Democrat. Mr Gurley claims his party has gained 140,000 new registered voters in the last four years, while the Democrats have lost 70,000.

In 1994 that helped the wisdom of a change in tack state elect eight Republican that has gone down poorly elsewhere in the country. congressmen and four Democrats, the reverse of But Mr Helms always the previous representation, plays hard ball in elections. and gave Republicans control of the lower house of Alone of statewide candidates, he has refused to the local assembly for the participate in an innovative,

> Some of the newcomers, especially from the north, may find their new senator an unfamiliar breed of politician, almost an anachronism in matters of race, but that has been local sentiment for years. The North Carolina truism is that 40 per cent will back Mr Helms always and 40 per cent never. leaving elections decided by the remainder.

So age and infirmity do not appear to work against Mr Helms. And after all, across the border in South But even with a lead press. At his only public term.

cans control the balance of power now, grassroots issues and candithrough their occupation of the dates have emerged which may In the longer term, Latino advo-serve to galvanise this reticent slice Californian ballot sheet, to raise the among moderate Republicans, but to a minimum and his reluctantly, but not Mr Thurmond, 93, is tottering ates suggest. California's November of the electorate. State's minimum wage, is also the decisive portion of the vote could speeches short. Helms, never a friend of the happily towards an eighth cates suggest, California's November of the electorate.

A Brazilian jetliner crashed into a residential area of São Paulo yesterday, killing all 95 people aboard and raising new questions over the safety of air travel in the region, writes Jonathan

Wheatley in São Paulo. The death toll was expected to rise as firefighters searched homes struck and set on fire by the crash. The Fokker F-100 airliner, operated by TAM, a domestic airline which recently expanded into international

Witnesses said the jet clip-

ped two small apartment buildings before crashing in flames into 10-15 houses. Buildings and cars were set on fire by burning fuel escaping from the aircraft after its first impact. Many residents had already left home for the day.

Mr John MacDonald of Aviation Management Ser-vices in Miami said the

services, crashed shortly increase in accidents in after taking off for Rio de Janeiro.

South America in the past two years reflected the growth in air travel in the

> "With the number of flights increasing as it is, the rate of accidents is bound to go up." he said, adding that TAM was a modern airline with a good safety record. Officials said the cause of the crash would not be

known before the aircraft's two flight recorders had

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Brazil crash stirs safety fears Hard-pressed Mexico delays the start-up of private pension funds

By Leslie Crawford in Mexico City

The start-up of private pension funds in Mexico has been delayed for six months. The move, coupled with backtracking over the privatisation of the petrochemical industry, has raised concerns about the government's ability to deliver fundamental economic reforms. Private pension fund companies, known as Afores in Mexico, were due to open shop in January 1997. However, the government

obtained congressional approval this week to delay their launch until next July. The official explanation for the postponement was that time was needed to design a new identification code for pension accounts, despite the fact that all working Mexicans already possess a social security

Some economists said the delay would save the government a lot of money in 1997, a year in which Mexico will still be

The Mexican currency showed signs yesterday of stabilising at around 8 pesos to the dollar, following a month-long slide in which the currency has depreci-ated by 6 per cent. Leslie Crawford reports from

Mexico City.
On Wednesday, the spot rate for the peso closed at a historic low of 7.995 to the dollar. It weakened further on Thursday, opening trade at 8.0525 before rallying to close at 7.97 against the dol-

Mexico's central bank has sought to stabilise the cur-

around 1 per cent of gross

continue paying for the pensions of 1m retired from the state-run system to Mexico will still be individual retirement economic gramm.
recovering from the deep individual retirement economic gramm.
recession of 1995. Mr accounts managed by Mexico's domestic savings private-sector fund rate fell to below 16 per cent

short-term interest rates. but the peso has not responded to a rise in the benchmark rate for 28-day treasury bills to almost 30 per cent from 23 per cent in early October. The peso's volatility has also scared off foreign portfolio investors: City's stock exchange index has fallen

by 8 per cent in nominal terms since the high point of the year on August 27. The peso's depreciation has not been accompanied by the panic which affected Mexico's financial markets

last year, as most econoby increasing mists believe the currency's minister, has estimated the administrators. Last week,

annual cost of Mexico's Mr Ortiz said the cost of the social security reforms at reforms would open a budget domestic product, or about in 1997.

The postponement of is because the government will have to President Ernesto Zedillo's Mexicans after workers which has made the country switch their contributions too dependent on foreign

deficit of 0.5 per cent of GDP

pension reforms will delay goal of raising Mexico's dismal domestic saving rate,

Mr Paulo Leme, a senior economist at Goldman Sach's in New York, believes the peso remains undervalued by about 13 per cent against the dollar. "The disturbances which have affected the peso are tempo-rary," Mr Leme said. "The peso should continue to appreciate over the next 12

slide is temporary.

months." Mexico's tight monetary policy, higher-than-expected oil revenues, and the gradual accumulation of international reserves were factors that ought to strengthen the currency, Mr Leme said.

of GDP in 1995, a level considered too low to spearhead significant

Chile, which privatised its pension system 15 years ago, boasts an internal savings rate of 27 per cent of GDP as well as one of the highest growth rates in Latin

The decision to postpone the launch of private pension funds has annoyed several financial groups which were looking forward

Mr Juan Fernandez Casas director of an Afore joint-venture between Serfin Mexico's third-largest bank, Citibank and the Chilean pension fund administrator Habitat, said yesterday: "The delay is not welcome from a

business point of view; it

will be an additional cost to

our investment outlays." Mr Fernández Casas said Serfin and its partners planned to spend an initial \$70m to set up the pension fund management business, including the cost of hiring some 6,000 sales agents.

Other financial groups have announced similar outlays. Banamex and largest banks, have lined up foreign insurance companies Aegon and Aetna as partners the pension fund

business. Banco Santander and Banco Bilbao Vizcaya of Spain have also expressed an interest in offering pension business which analysts estimate could be generating more than \$17bn in savings by the turn of the century.



By David Pilling

Argentina's former president Mr Raúl Alfonsin launched his push to be a candidate in the 1999 presidential elections during a rally at which he accused the Peronist government of "transforming Argentina into a colony" and promoting a savage free-market system of "every man for

Mr Alfonsin, 69, on and regional economies. Wednesday night proved that rumours of his political demise were exaggerated by drawing a crowd of 30,000 supporters to a Buenos Aires football stadium, Adopting ship, the rally was aimed at his famed rhetorical style, be said Argentina's economic policy was being decided in Washington, and that the government's adoption of unfettered neo-liberalism

was destroying jobs

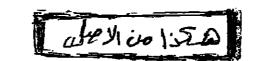
Ostensibly to mark the anniversary of his 1983 electoral victory, which returned Argentina to democracy after seven years of dictator resurrecting the former president's political fortunes. Mr Alfonsin was last year replaced as leader of the Radical party by Mr Rodolfo Terragno after a disastrous 1995 presidential campaign.

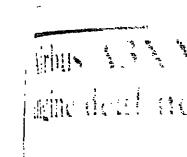


The Industrial Credit and Investment Corporation of India Limited Zenith House, Keshavraci Khade Marc, Mahalaxmi, Mumbei 400 034, badia

EXTENSION OF LAST DATE OF OFFER FOR SALE/TAKEOVER/MERGER OF A COMPANY ENGAGED IN MANUFACTURE OF WHITE CEMENT AT RAJASTHAN VIDE AN ADVERTISEMENT RELEASED IN THIS PAPER ON SEPTEMBER 3, 1996

The last date for submission of bids for sale/takeover/ merger of the above-mentioned company is hereby being extended from October 31, 1996 to November 30, 1996.





move into Vietnam

By Nancy Dunne in Washington

Corporation, the private sector arm of the World Bank, this week announced its first foray in Vietnam's financial sector - the establishment of a leasing company to enable small and medium-sized companies to procure capital goods.

On the surface the \$15m loan and \$750,000 equity investment looks modest. However, the corporation has been promoting leasing as one of the quickest, cheapest and most flexible ways of supporting business in emerging economies, where businesses desperately need machinery, office and plant equipment.

The IFC is planning to sign a joint venture deal on Nevember 12 to set up the first leasing company in

Egypt.
The joint venture partners are the National Bank of Egypt Commercial International Investment Company and Orix Corporation of Japan and Orix Leasing Pakistan. Orix has been working actively with the IFC to introduce leasing

around the world. The new Vietnamese company, Vietnam International Leasing Company (VILC), is expected to write leases of \$25,000-\$30,000 for smaller or micro enterprises and \$100,000-\$150,000 for mediumsized companies. IFC says VILC will have "a strong impact on Vietnam's financial sector by extending and improving credit delivery and introducing new financial products to the local industry.

market to encourage capital formation and investment." It will be based in Ho Chi The International Finance Minh City and initially serve

the surrounding region. IFC has been working closely with governments. advising them on leasing regulations, recruiting sponsors and technical partners and investing in new leasing companies.

In Vietnam IFC launched a technical assistance operation in 1991 and helped officials develop a legal framework for licensing and

An IFC paper, issued in August, said one-eighth of the world's private invest-ment was financed through leasing. Its share is soaring: in some countries it provides as much as one-third of the

IFC has helped set up leas-ing companies in over half of the developing countries. In August it provided \$5.6m in financing to help establish Uzbek Leasing International, the first specialised leasing company in Uzbekistan.

The corporation also helps leasing companies, in which it has equity, to expand. Last March it guaranteed a local currency loan of \$3m equiva-lent for the Industrial Development Leasing Company of Bangladesh, established in

IFC's involvement allows the company to berrow locally for a longer period than otherwise would be possible.

IFC's first leasing venture was in 1977 in Korea. The Korea Development Leasing Corporation is now the world's fifth largest leasing

Ross Tieman, London

WORLD TRADE NEWS DIGEST

Airbus A3XX engine deal near

Airbus industrie; the European aircraft manufacturing consortium, is within days of signing memorands of understanding to develop engines for its planned A3XX super-jumbo with Rolls-Royce of the UK and an alliance of leneral Electric and Pratt & Whitney of the US. Both R-R and the US consortium will be obliged to develop new engines to equip the four-engined jet. The engines will also be designed to power new "stretched" versions of the 747 jumbo planned by Boeing of the US.

An Airbus spokesman said: "We are talking to both the General Electric/Pratt & Whitney grouping and Rolls-Royce about the A3XX. We will be able to sign an MoU pretty soon." Both groups are expected to base their engines on

super-large engines designed to power the Boeing 777, a wide-bodied twin jet, and its Airbus rival, the A330. Rolls-Royce is set to offer a new engine, the Trent 900, with around 84,000lbs of thrust. GE and Pratt have formed an alliance to jointly develop an engine for the Boeing aircraft, and are expected to offer the same power plant,

or a derivative, for the A3XX. Investment into India boosted

India's Foreign Investment Promotion Board yesterday cleared 63 foreign investment proposals worth a total of \$694m, sustaining a recent drive by the four-month-old United Front government to accelerate such approvals. The cleared projects include two in the consumer goods sector, one for Cadbury Schweppes, the drinks and confectionery group, to establish a 100 per cent owned soft drinks venture in Bombay, and another for Gillette, the US personal products group, to take a 49 per cent stake in a shaving blade project.

Clearance was also given to De Beers Consolidated Mines, the mining group, to take a 50 per cent share in a \$15m diamond mining project. Mark Nicholson, New Delhi

EU transit system reprieve

A complete collapse of the TIR international transit system for lorry freight in Europe was narrowly averted this week when the two main German hauliers' associations were persuaded to continue operating the scheme after declaring their intention to pull out. However, the United Nations Economic Commission for Europe, which oversees the TIR convention, warned yesterday that the scheme would remain under threat without longer-term measures to combat growing problems of fraud and smuggling.

The German hauliers' associations, AIST and BDF, had said they would no longer honour TIR guarantees to pay customs duties because of delays and uncertainties in obtaining reimbursemen, from the International Road Transport Union (IRU) and international insurers. The decision was rescinded after negotiations with the

Under the TIR scheme, which has more than 60 members, loaded trucks are sealed and the TIR carnet allows them to pass national frontiers with the minimum Frances Williams, Geneva of red tape.

ADB aid for Bangladesh

The Asian Development Bank (ADB) had offered assistance to Bangiadesh for a controversial plan to purchase electrical power from India, government officials said yesterday. Bangladesh, suffering a big power shortfall, is considering buying electricity from India as a stand in measure to boost its power supply.

Government officials said the offer was made by a mission from the Manila-based ADB that visited Bangladesh this week to review progress of bank-funded programmes. The main opposition Bangladesh Nationalist party (BNP) and some fringe groups, however, have strongly opposed the idea, arguing it would make Bangladesh dependent on India for a key commodity electricity. Energy Minister Nooruddin Khan told a seminar this week that the country's demand for electricity would rise to 3,000 MW by the year 2000 and Reuter, Dhaka 4,600 MW by 2005.

IFC makes | Cuba seeks to board tourist bandwagon

ess than two months before the arrival of its first foreign guests, the new Gran Hotel at Cuba's premier tourist resort of Varadero still looks more like a building site than a foundtar beach hotel Surrounded by scaffolding. raw concrete and construc-

tion debris, the hotel's Cuban manager, Mr Alexis Ferriol, smiles nervously when asked whether all will be ready to receive the first scheduled busions of tourists on December 15. "The hotel is already sold through tour operators," he said. Built over a former holi-

day camp for Communist Young Pioneers - a sign of the changing times in Cuba the Gran Hotel is an example of the frenzied but erratic pace of new hotel construction on the island. which desperately needs to maximise hard currency tourism revenues to help boister economic recovery.

The communist government's strategy to transform Cuba into a big Caribbean tourist destination has produced a growing crop of joint ventures and management contracts signed with foreign hoteliers, mostly from Europe and Canada. Up to now these investors seem generally undeterred by US legislation aimed at curbing foreign investment on the

Following a rebuke from

urged to

measures

Brazil's trading partners

yesterday welcomed the

country's overall progress

towards economic stabilisa-

tion and a more liberal trad-

ing regime but raised a host

of complaints over protec-

tionist measures in specific

Members of the World

Trade Organisation con-

cluded a two-day discussion

of a WTO secretariat report

on Brazil's trade policies

severance with economic

reform and resistance

to protectionist pressures

despite the difficult adjust-

ment problems caused by

radical economic restructur-

The WTO report says uni-

lateral tariff cuts and other

trade liberalising measures introduced by Brazil in the

early 1990s have been a key

element behind its subse-

However, moves since

1995 to restrict certain imports and support exports

have made the trade system more complex and less

transparent. These "poten-

tially trade-distorting mea-

sures" reflect "lapses in implementation rather than

a policy reversal," the WTO

The report argues that

Brazil's large current

account and merchandise

trade deficits may be due to

an overvalued exchange rate

following introduction of

the Real Plan in mid-1994. The plan, which cut infla-

tion from 5.000 per cent in

the 12 months to July 1994

to an estimated 10 per cent

this year, has prompted

large inflows of foreign capi-

The WTO report is partic-

nlarly critical of Brazil's

complex tariff structure and

frequent tariff adjustments,

which have not been

improved by membership of the Mercosur customs union

with Argentina, Uruguay

It also notes an increased,

recourse to anti-dumping and safeguard measures to keep imports out, including

recent safeguard actions on

Meanwhile, protection for

the domestic car industry,

estimated to be equivalent

to tariffs of 250 per cent, has

been stepped up despite Bra-

zil's position as a large net

Japan and the US, backed

by Canada, the European Union and South Korea,

have aiready brought formal

WTO complaints against the

new measures which give

tariff breaks to domestic

In August Brazil intro-

duced low-tariff quotes for

vehicle imports from Japan,

Korea and the EU in a bid to

defuse criticism - but the WTO complaints have not

been withdrawn. .

and Paraguay.

textiles and toys.

vehicle exporter.

SUGGESTS.

quent economic gains.

and practices by urging per

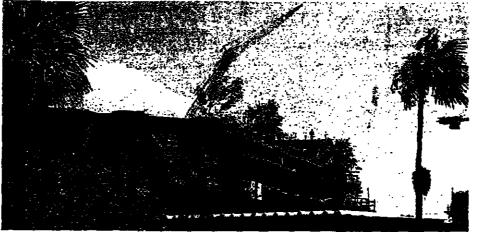
sectors, notably the car

industry.

Brazil

pursue

liberal



A hotel nears completion. Cuba hopes to double capacity to nearly 50,000 rooms by 2000

President Fidel Castro about and 18. Although the bad the sluggish pace of hotel building last year, Cuban construction brigades are straining to complete a target this year of around 5,000 new rooms, more than a third of them at Varadero, 75 miles east of Havana. But although the pace has picked up, delays persist.

On the less-developed eastern side of Varadero, a 12mile beach peninsula on Cuba's northern coast, half a dozen new hotels, some still unsightly skeletons, are rapidly emerging from the tropical vegetation.

The hotel construction schedule was tight even before Hurricane Lili lashed Cuba with high winds and

weather disrupted work for a few days, Cuban tourist authorities reported with relief that big beach resorts such as Varadero, Cavo Coco and Cayo, Largo suffered only minimum superficial damage which was quickly repaired.

Deputy tourism minister Miguel Brugueras said Cuba was maintaining its target to achieve a new record of Im tourists this year. Tourist arrivals up to September totalled 715,800, nearly 38 per cent more than the same period last year, he added. The government says it

urgently needs to raise tourism receipts to even higher figures, not only to help heavy rain on October 17 finance economic recovery

of payments squeeze caused by rising costs of essential imports and a downturn in world prices of more traditional exports such as sugar

The Cuban tourism industry is seeking to lift 1995 gross tourism receipts of \$1.1bn to \$1.3bn this year. Most visitors came from Canada, Italy, Spain, Gerremain Cuba's main mar-kets, in the absence of US tourists, barred from visiting by Washington's longstanding economic embaren.

Authorities in Varadero are moving to clear up the construction debris before the November start of the

launched a crackdown against hundreds of prosti-And following complaints properties in Cuba. from foreign hoteliers, they also shut dozens of private home restaurants and taxis and prohibited Cubans from privately renting out accommodation.

This accentuated Varadero's image as a kind of tourist ghetto". But tourism has boosted local living standards by providing jobs and access to hard currency. The new Gran Hotel

belongs to Cubanacan, age several hotels. Cuba's biggest tourism corporation, which along with other Cuban companies has entered selective joint ventures and management contracts with foreign partners. These include Spain's Sol-Melia group and Tryp Hotels, Jamaica's Superclubs, Germany's LTI-International Hotels, Delta Hotels of Canada, Italy's Venta Club, Golden Tulip of the Netherlands and France's

Club Mediterrané and Accor. "What do we seek from foreign investors? Fast growth, know-how, access to foreign markets and the use of internationally known Cubanacan vice-president.

Foreign investor interest does not appear to have been

Another sort of clean-up seriously blunted by the US has already taken place. Helms-Burton law, intro-After declaring Varadero a duced on March 12 and special tourist zone, police which threatens sanctions against companies judged to be "trafficking" in expropritutes who worked the resort. ated, formerly US-owned

In April, an Anglo-Dutch group, Vitol, signed a deal to help build a five-star hotel in Varadero. In July, a Canadian entrepreneur, Wally Berukoff, clinched a \$400m deal to construct 11 hotels in

More recently, another Canadian group, Journey's End, is understood to have agreed a similar big contract to refurbish, build and man-

Spain's Sol-Meliá group. whose three joint venture hotels in Varadero are believed to occupy at least part of land once owned by the wealthy US Dupont family, says it has so far received neither claims nor sanctions under the Helms-Burton law. It is expanding operations, but two other Spanish groups, Paradores Nacionales and Occidental Hoteles, are reported to have halted investment plans.

Cuba's tourism develop ment programme foresees doubling the existing 25,000 hotel rooms to nearly 50,000 by the year 2000, with an estimated overall investment

Pascal Fletcher

Global chip market 'will grow by 7.4%'

By Louise Kehoe

The global semiconductor market will grow by 7.4 per cent next year to \$138.8bn, reversing a 10 per cent drop this year, according to the annual Semiconductor Industry Association fore-

The US industry trade group said that world chip sales were expected to return to strong double-digit growth in 1998 and that world sales should top \$200bn by 1999.

Although the annual forecast has seldom proved accurate, it is a reflection of rising optimism throughout the

semiconductor industry following a year in which the market has shrunk for the

first time in over a decade. As recently as 1994, the global chip market was just over \$100bn, so the 1999 forecast suggests a doubling in sales over a five-year period. "1996 is merely a blip on the industry's phenomenal growth record," said Thomas Armstrong, president of the

"Long-term prospects for the chip industry are still excellent because the world has a ravenous appetite for the electronic equipment that relies on semiconductors," he said.

"Over time, chips will

become even more critical \$16.7bn, and will rise by 23 remain the world's largest parts of the world economy than they are today."

In 1995, chip sales jumped 41.7 per cent. This year's market decline is largely a reflection of sharp declines in the prices of Dynamic Random Access Memory (D-Ram) chips, which account for about 20 per cent of the chip market.

D-Ram prices will continue to fall in 1997, the industry Growth in microprocessor group said, although at a more moderate pace than for about two thirds of the over the past 12 months. In contrast, sales of micro-

processor chips, the brains of personal computers, are

per cent next year to top \$20bp, the industry group predicted.

Much of this rise reflects booming sales for Intel, the world's largest semiconductor manufacturer. Industry executives noted

that excluding Intel from the market data would produce a very different picture of the industry's health. sales is expected to account total anticipated sales growth in 1997.

US chip sales will rise by a modest 5.8 per cent in 1997 to growing rapidly. 1996 sales \$44.2bn, the industry group will be up 17.5 per cent, to projected. The region will

chip market. In Japan sales are expec-

ted to bounce back in 1997 with 6.6 per cent growth to achieve sales of \$36bn. The Asia-Pacific region, excluding Japan, is the fastest developing semiconductor market and is expected

to overtake Japan as the second largest regional market by 1999. Next year, Asia-Pacific sales are expected to rise by 11.6 per cent to almost \$30bn. European sales are expec-

ted to grow by 6.7 per cent next year to \$28.6bm. Europe currently represents about 20 per cent of total world sales.



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US sanctions | HK doubts raised over immigration row threat angers By John Ridding in Hong Kong Malaysians

By James Kynge in Kuala Lumpur

Malaysia, whose national oil company faces possible US sanctions for investing in Iran, yesterday said that it would use "international forums" to challenge Washington's threat to impose penalties on companies investing in the Islamic

state.
"We are a sovereign nation... We will not submit to US dictation," Mahathir Mohamad, the prime minister, said.

The US has threatened to impose sanctions under the Iran-Libya Sanctions Act. passed in August, on companies that invest more than \$40m a year in the oil and gas sectors of the two coun-

Petronas, Malaysia's state oil company, has agreed to take a 30 per cent stake in two oilfields in Iran. The total investment required to develop the two fields was

Although Petronas has not made public the exact amount of its proposed investment in Iran, analysts estimate it will exceed the ceiling set by the US. Malaysian officials have

tried to play down Petronas' involvement in Iran but the issue was re-ignited this week by comments by Mr Gregg Rickman, legislative director at the office of US Senator Alfonse D'Amato, who said the Malaysian company should face sanctions.

Ms Rafidah Aziz, Malaysia's minister for international trade and industry, told reporters yesterday that Malaysia would question Washington's right to take action against companies on the basis of what they



Mahathir: 'will not submit'

did in third countries. "This is not an issue of Petronas, but a matter of principle." Ms Rafidah said. The US has no right to impose extra-territorial jurisdiction on other countries." Ms Rafidah added that Malaysia would raise the issue at the Asia Pacific Economic Co-operation (Apec) summit in the Philippines this month. The issue may also be raised at a World Trade Organisation (WTO)

December, she said. The WTO meeting is already expected to be the scene of heated exchanges because of Washington's insistence that social and labour reform should accompany trade liberalisation. Washington argues that east Asia's rules on wages and labour give some regional countries unfair cost advan-

meeting in Singapore in

tages in trade. The ringgit, Malaysia's currency, dropped slightly against the US dollar yesterday partly because of fears of worsening relations over the Iran sanctions issue, dealers said.

Retirement is supposed to bring a more peaceful life. But that is unlikely to be the case for Mr Laur-

ence Leung. The Hong Kong director of immigration has become the centre of speculation since he resigned suddealy from his post this summer. Controversy about his departure, and claims of a cover-up, have prompted the establishment of a elect committee in the legislature to examine the case. The first

meeting will take place next week. For the government - which has trumpeted its improved transpar ency and implemented political reforms which created Hong Kong's first elected legislature the affair threatens an uncomfortable scrutiny. Pulling down the shutters could set a troublesome

July next year amid fears of reduced accountability in the

Sensitivity is increased by the importance of immigration issues ahead of the handover. With the government stepping up efforts to secure approval from diplomatic partners for visa-free access for holders of the territory's post-1997 passports, the probe comes at an awkward time. In comments made earlier this

month in the Legislative Council, Mrs Selina Chow, a legislator from the pro-business Liberal party and a member of the select committee, said it was essential that allegations be addressed. "Unless the matter is cleared up this will be damaging to the administration and to Hong Kong." While the 10 legislators pursuing the case remain guarded on details of the affair, attention has focused on Mr

to return to Chinese sovereignty in Leung's relations with China and dents in Hong Kong might have tomary praise. Pressed to comreports he may have passed information about the British nationality scheme to mainland officials.

The scheme, implemented after Beljing's bloody suppression of prodemocracy demonstrations in 1989, offered passports to 50,000 prominent Hong Kong residents and their families. Beijing demanded. unsuccessfully, that it be given information on civil servants included in the scheme. Any leakage of names, it is feared, could have a damaging effect, particularly if information included names of unsuccessful applicants.

Instead of boosting confidence it would have the opposite effect," said someone involved in lobbying for the scheme

Using parliamentary privilege in the session called to vote on the establishment of a select committee, Mrs Chow also cited reports that information on Chinese dissibeen passed across the border.

The government has dismissed such claims. "Fanciful specula-tion," said Mr Lam Woon-kwong. secretary for the civil service. Rejecting the view that public interests are involved he has rigidly maintained the official line that Mr Leung departed for personal reasons with mutual consent between employer and employee. Such a solid stance, however, has

failed to dissuade Hong Kong legislators. "The circumstances were very unusual," said Mr James To of the Democratic party, referring to the fact that the usual notice period was waived for Mr Leung. He added that the government sought to dissuade legislators from pursuing the issue.

Intrigue was fuelled by the fact that Mr Leung's departure was accompanied by the tersest of statements and without any cus-

mend the former immigration chief, Mr Chris Patten, the gover-nor, said merely that "he worked for many years for the Hong Kong government". Mr To and his colleagues pledge to press until more information is revealed. But they face some difficult obstacles.

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Under section 14 of the Legislative Council's powers and privileges ordinance, officials can refuse to testify, with a decision on whether they must ultimately resting with the attorney-general. Perhaps more significantly, the governor's assent is required for witnesses to give evidence relating to the security of Hong Kong.

That, said one committee member, might obstruct investigations. But, she argued, it would also fuel suspicions. "You cannot claim per-sonal reasons are involved and then turn around and say it is a

IMF deal a boost for Bhutto China rejects

By Farhan Bokhari in Islamabad

The successful conclusion of talks between Pakistan and the International Monetary Fund to resume lending under a \$600m standby loan is the first bit of good news in months for the beleaguered government of Prime Minister Benazir Bhutto. The news boosted the

Karachi stock market, with the 100-share index rising 22.05 points, or 1.53 per cent, on the back of the IMF agreement. The new finance minister,

Mr Naveed Qamar, who was appointed this week after Ms Bhutto gave up the portfolio which she has held since coming to power three years ago, said: "This welcome development should put an end to the speculative behaviour of some vested interests against the economic well being of the nation."

Mr Antonio Furtado, who led the IMF team in Islamabad, said the resumption of



Antonio Furtado, IMF mission chief (left), and Naveed Qamar, Pakistan's new finance minister, yesterday

followed by reviving a extended structural adjustment facility (Esaf) next year, if Pakistan met all the performance targets. Pakistan concluded a three-year \$1.5bn Esaf with the IMF that began in February 1994, but payments were suspended a year later because Islamabad failed to

the standby loan could be achieve many targets. On the stand-by loan, the Fund is likely to release two delayed tranches, worth about \$30m each, "as soon as humanly possible".

The Fund's decision to suspend the loan after what it regarded as Pakistan's unsatisfactory budget in June had triggered widespread economic anxiety. Foreign

growing hunger

for accurate

information

exchange reserves have plummeted to \$700m from \$1.7bn in June - enough for 3-4 weeks' imports - while the rupee has been devalued twice in recent months. mostly recently by 7.86 per cent last week

In response to IMF pressure, the government introduced earlier this month an emergency austerity budget, which included spending cuts and a 10 per cent increase in oil product prices. The government pledged to cut the budget deficit to 4 per cent of gross domestic product, though analysts consider this ambitious.

In spite of Mr Qamar's optimism yesterday, there remain doubts within the IMF and the opposition whether the government will be able to press ahead with the most unpopular components of its budget. These include a farm income tax which has angered the politically powerful agricultural landowners' lobby.

Wang critics

By Tony Walker in Beijing

China said yesterday the sentencing of a prominent dissident to 11 years' jail had nothing to do with human rights and was strictly a legal procedure.

The trial of Wang Dan is entirely a Chinese legal procedure carried out in accordance with the law," said Mr Shen Guofang, the foreign ministry spokesman. "It bas no connection with human rights or other issues."

Mr Wang's sentencing has drawn strong protests from western governments and international human rights organisations. He was jailed for allegedly seeking to overthrow the government - a crime which carries the

death penalty. His family said he would appeal, but it is extremely rare under the Chinese justice system for judgments to be overturned or for sentences to be commuted.

"We are angry he received such a heavy sentence even though he was innocent," said Mr Wang Xianzeng, Mr Wang Dan's father. "Wang Dan said he wants to appeal. He feels everything that he has done has been aboveboard...it was all for China's democratisation."

Mr Wang's harsh sentence deals a further serious blow to China's flickering dissi-

dent movement. Beijing has rounded up leading dissidents systematically over the past year in an apparent effort to silence criticism.

China yesterday also launched a strong attack on vestern journalists, accusing foreign reporters of lacking an understanding of Chinese conditions and engaging in biased reporting. It compared the present generation unfavourably with Edgar Snow, the American reporter who recorded early stages of the Chinese revolution.

"In his reportage. Edgar Snow wrote exactly what he witnessed," said the official China Daily. "What the western media is doing is the opposite of what Edgar Snow

did 60 years ago. "One may ask why there have been so many disappointing reports by western journalists," it said, adding: One clue lies in the fact that those journalists do not know what is really going on in China." The world press has, almost universally, condemned the sentence.

Britain, France and the US have strongly criticised China. A French official appointment that China does not take account of European feelings and concerns. France adds its voice to all those requesting a revision of this judgment on appeal."

Vietnamese press starts to taste the fruits of freedom

film star Le Cong Tuan Anh committed suicide by taking an overdose of anti-malaria pills this month, his fans were not the only ones to get excited. Two Ho Chi Minh City-based newspapers bureaux in 1990. snapped up the story, devoting whole pages to the ot a tailed relation-

They sent reporters along to his funeral at a pagoda where a crowd of 100,000 had gathered. There were sculfles and a wall collapsed, The Communist party officials ordered coverage to be toned down. But by then the two papers - Tuoi Tre (Youth) and Nguoi Lao Dong (Workers) - had achieved their desired aim: their circulation doubled.

This is the new face of the media in Vietnam, where the country's 10-year experiment with economic liberalisation has brought great change to the formerly staid media. Yet as in the case of Mr Anh, the authorities have not given up all their old

Hanoi correspondent of the Far Eastern Economic media that, through com-Review, the first time the country has got rid of a foreign correspondent since it ership at a time when the allowed foreign news organisations to establish reporting

forced to change because of ship that drove him to death. a cut in state subsidies to many newspapers and television stations that previously had relied on handouts from Hanoi, Now, many are adopting tactics more familiar to European tabloids than to socialist state censors in a bid to boost readership and revenue.

According to SRG Vietnam, a Ho Chi Minh Citybased foreign research group, advertising spending in Vietnam increased to almost \$150m from about \$30m over the last five years. Competition is fierce: there are about 350 newspapers and magazines nationally. About 90 publications have been launched since 1990. But Hanoi is not entirely

ways. Yesterday the authori- happy with this develop-

party is how to cope with a mercialisation, is becoming more responsive to its readparty's desire to control remains undiminished.

Vietnam does not require Domestic newspapers its media to submit material have, in any case, been for censorship before publinist party appoints what it member, has managed to considers as ideologically reliable editors-in-chief to each organisation. They are responsible for ensuring that coverage toes the party line.

> press laws, newspapers are not allowed to criticise "the achievements of the revolution" and. party leaders.

> Journalists are also required to be "responsible". although the term is not defined.

Nowhere is the issue more contentious than at Tuoi Tre. It is the best example of a newspaper that has sucsfully managed to tread a delicate path between state censorship and bold coveroccasion, party scandals. A few years ago one of its former editors was sacked

for running an article discussing whether Ho Cbt Minh had a wife. The former president's private life is taboo in Vietnam. Yet Mr Nguyen Son Phuoc, Tuoi Tre's current deputy editor and a party

successful newspapers, through successful manipulation of party contacts and sound business acumen. The paper rents out office nder Vietnam's space to Volvo of Sweden and Nestlé of Switzerland at a building in central Saigon. It has its own printing press and plans to invest \$10m

turn it into one of the most

struction materials and a hospital. His paper has been at the forefront of attempts to wean journalists off reliance on the bureaucracy for information. "If you get informa-tion from the government, it's not enough. You're just

banging your head against a

closed door," he says.

next year in real estate, con-

Newspapers like Tuoi Tre may be pushing editorial boundaries to a degree, but it is too early to speak of editorial freedom. Corruption scandals are pursued in the press only after the party has given its approval. Foreign and Vietnamese companies often include cash in press packs as a way of ensuring favourable cov-

This, coupled with the obs sive secrecy with which the bureaucracy still treats most kinds of information is likely to ensure Vietnam's newspapers will shun issues sensitive to the party and stick to what pleases most people - stories about film

Jeremy Grant

ASIA-PACIFIC NEWS DIGEST

hailand trade gap narrows

Thailand's large current account deficit has dipped below the psychologically important level of Bt30bn (\$1.18bn) for the first time in six months, suggesting the country's economic woes may be easing, according to figures published yesterday by the central bank. The deficit shrank for the fourth month in a row to Bt29.3bn in August from Bt31bn in July.

However, rapidly slowing export growth this year has forced the Bank of Thailand further to trim its growth forecast this year to 7.8 per cent, the slowest rate of annual growth in more than a decade. Exports grew by a slow 2.4 per cent in the first eight months of this year. reinforcing the belief that the year-end figure would fall short of the government's already reduced growth target of 10.2 per cent export growth.

Manufacturing activity did pick up for a second

consecutive month in August and there was also a modest expansion in foreign reserves to Bt39.5bn from Bt39.4bn in July. The Stock Exchange of Thailand index climbed 4.22 points to 910.33. William Barnes in Bangkok

Property businessman charged

Mr Prasong Panichpakdee, chairman of one of Thailand's biggest property companies, Somprasong Land, was yesterday charged with doctoring financial statements and breaking laws designed to protect customers. Somprasong's ambitious expansion ran headlong into the greatly over-supplied Bangkok residential property market after its flotation in 1991. The Bank of Thailand, the central bank, yesterday sought to calm nerves by insisting it was not worried that struggling property companies might damage the banks and finance houses that lent them money. William Barnes, Bangkok

Indian warning to Pakistan

India yesterday warned it would review the "entire gamut" of bilateral relations with Pakistan should it fail to protect Indian diplomatic staff in Islamabad, the Press Trust of India said. It said the Indian warning came after Pakistan suggested the two estranged neighbours should call a "truce" on picking off each other's officials.

Meanwhile a non-diplomatic official of India's embassy in Islamabad returned with his wife to New Delhi after being ordered to leave Pakistan. Mr Ashok Kumar Wahi's return came a day after Indian police arrested Mr Hafiz Mushtaque Khosa, a non-diplomatic staff member of the Pakistani High Commission on charges of spying in New Delhi. The tit-for-tat expulsions came a month after Pakistan and India ousted diplomats from each other's capitals for alleged spying. AFP, New Delhi

Bangladesh sell-off planned

Bangladesh's Securities and Exchange Commission chief yesterday said the government would sell up to 2bn taka (\$47m) worth of shares in state-owned companies listed on the Dhaka stock exchange by the end of fiscal 1996-97 to beef up the stock market. "The government as a first step will privatise the companies which are already listed with the Dhaka Stock Exchange to increase the market depth," Mr Haroonur Rashid said. He said the government would sell its stakes in all multinational companies, which number about eight, by December.

Mandarin Oriental, Manila. A cocoon in the centre of Makati. Where to find the rest of the World's Finest Hotels & Resorts The Oriental, Bangkok Kalada Marklarin Onerital, Hawaii Mandarin Criental, Hong Kong Mandann Oriental, lakarta Mandarin Chental, Macau Mandanii Oriental, San Francisco The Oriental, Singapore Hotel Majapalist, Surabaya Roan Tuhna Ngam, Kah Samui, Thudand Hotel Belo Vister Marrie Mandarin Orental, Kuala Lumpur (1997) MANDARIN ORIENTAL

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**The Burkey The Burkey United With Microschool (1.6 International, or unar testal professional)

Airline strike likely to embarrass Philippines

erage of their activities.

By Edward Luce in Manila

Philippine Airlines (PAL) yesterday threatened some 9,000 striking employees with summary dismissal if they failed to return to work today on All-Saints Day one of the most important religious holidays in the country's calendar.

The warning escalates the dispute just three weeks before Manila plays host to the Asia Pacific Economic Co-operation (Apec) leaders' summit.

The Philippine government says the Apec trade forum is the most important international meeting to be held in the country since the IMF-World Bank meeting in 1976 and is keen to avoid embarrassments. President Suharto of Indonesia and President Jiang Zemin of China are among 18 leaders

Manila's airport, which is being spruced up for the arrival of 18 Apec heads of state, could suffer heavily if the strike persists. President Fidel Ramos has so far refused to intervene.

A spokesmen for Mr Lucio

Tan, chairman of the priva-tised airline who recently won a court battle with minority government shareholders to gain majority control of the national flag carrier, dismissed the walk-out as a "wildcat" strike. Most of PAL's maintenance and ground-handling crew are on

"PAL management has advised striking personnel to return to work not later than Friday. November 1 or be deemed terminated from the company," said an airline statement yester-

strike.

Government officials, who have had running battles with Mr Tan over alleged tax evasion in his beer and tobacco subsidiaries, yesterday expressed concern over the possible ramifications of the walk-out.

 Human rights activists have challenged in the Supreme Court the govern-ment's decision to deny a visa to Mr Jose Ramos-Horta, Nobel peace prize

winner. The government refused a visa to the East Timorese activist on the grounds that

national security" and undermine Manila's relations with Indonesia before the Apec summit. Indonesia has faced wide-

spread international criticism over human rights abuses in East Timor. Mr Ramos-Horta was to have attended a parallel summit on Apec next month.

The petition to the Supreme

Court was submitted by Philippine human rights groups yesterday. Critics, including leading senators and Cardinal Jaime Sin, doyen of the 1986 "peo-

ple power" revolution which overthrew the dictatorship of Ferdinand Marcos, accuse the government of betraying the country's democratic val-The government - which earlier this week leaked a

blacklist of other activists who would be refused entry, including Mrs Danielle Mitterrand, widow of the late French president, and Bishop Carlos Belo, joint Nobel peace prize winner from East Timor - said it was giving priority to the

management criticised

By Robert Chots, Economics Editor

The management of the World Bank has come under fire from members of its executive board, after the development organisation's in-house watchdog warned that its work on poverty reduction was inadequate.

In a recent internal report, the Bank's quasi-indepenent Operations Evaluation Department produced a lengthy critique of the content and use of "poverty assessments". These country-specific reports, which cost more than \$220,000 each to produce, are supposed to ensure that poverty reduction is prioritised in the Bank's assistance to borrower countries.

At a meeting of the Bank's board in September, one executive director described the report as "catastrophic" and several said that it cast doubt on the seriousness with which management and staff approached the task of poverty reduction. The mangement argued in turn that the report was overly rigid and too negative.

The report looked at 46 poverty assessments between 1988 and 1994, comparing them with standards laid down in an operational directive on poverty reduction issued in 1991. The report concluded the quality of the assessments improved

after the directive came out. but that more than 40 per cent were still inadequate.

The watchdog added that the content of poverty assessments had only "a modest influence" on the country assistance strategies and that there was only a weak link between the sments and the extent

of poverty-targeted lending. Country assistance strategies focused overwhelmingly on broad macroeconomic stabilisation and structural reform issues, with few references to the status or causes of poverty, or to approaches to poverty reduc-tion," the report said.

The Bank's formal policy on poverty reduction identifles three main objectives: broad-based, job intensive growth; investment in human resources and especially the poor; and the provision of safety nets for vulnerable groups and the very poor. But the report noted that some poverty assessments - notably from the Latin America and Carib-bean office - focused on only one part of this strategy.

"Bluntly put, a significant mismatch appears to exist between the ambition and specificity of [the operational directive] on the one hand, and the performance of the Bank and its borrowing member countries in delivering on its provisions, on the other," it concluded.

World Bank | Nigerian logging scheme hits a logjam

"We believe that these are

errors and omissions which

make Wempco's EIA docu-

ment seriously flawed and

an unfit and insufficient

basis to give Wempco the

go-ahead to log the rain-forest," said the NCF. "There

are constructive ways to log

the rainforest, but a proper EIA should be conducted to

The arrest of the director

has temporarily paralysed

Fepa but the NCF suspects

that Wempco has begun log-

built access roads to link its

large new saw mill at nearby

Ikom to their remote conces-

sions in the forest. The Chi-

nese company and the gov-

ernment of Cross River state

see the scheme as a lucrative

The company has already

address the shortfalls."

ging without approval.

Paul Adams on the scandal surrounding plans which threaten a valuable conservation area

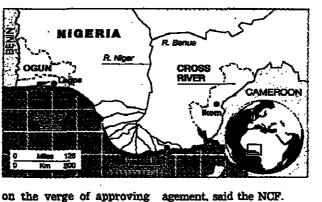
ud cheques worth N600m (\$7.5m) may seem unlikely to save a rainforest but the fraud scandal rocking the Federal Environmental Protection Agency (Fepa) could help delay a logging scheme which threatens Nigeria's most valuable conservation area.

Cross River National Park in south-east Nigeria is the last big rainforest in West Africa. A new timber operation covering 100 sq km on the edge of the park by the Chinese-owned Wempco industrial group has provoked a storm of protest locally and abroad, and forced it to submit an environmental impact assessment (EIA) to the agency. only the second company ever to do so in Nigeria.

Conservationists warn that Wempco's logging scheme threatens the entire 6,000 sq km Cross River for-est - 40 per cent of the forest remaining in a country where 95 per cent has already been destroyed. The area contains at least 1,500 plant species, some of them endemic to the area, the only population of gorillas in West Africa and dozens of other endangered species. But Fepa appeared to have talists' arguments and was

By Frances Williams in Geneva

Geneva over the recent presenta-



on the verge of approving Wempco's scheme last month when the scandal broke.

Dr Evans Aina, its director, and other senior officials were detained over embezzlement of Fepa's funds, alleg-edly to support an insolvent bank in Lagos with which they had connections. The Nigerian Conservation

Foundation (NCF), backed by the Worldwide Fund for Nature, had urged the federal government "to reject existing plans to log Nigeria's last rainforest".

Wempco's environmental assessment only covers the impact of the scheme on 1 per cent of its timber concessions, proposes a plantation system which will destroy biodiversity and fails to recognise the role of local communities in forest maninvestment more than it needs the national park. But critics of Wempco say the \$4m plywood and veneer

saw mill at Ikom was built to handle far more timber than Wempco's forest concessions can legally supply. They claim the project will encourage illegal logging and undermine community forestry schemes which the EU and other donors are trying to establish.

Environmentalists say Wempco has a bad record in an earlier logging operation in the Omo forest, one of the few habitats for rare monkeys and the few elephants left in western Nigeria. The company was accused of illegally logging protected trees for export, prompting the government of Ogun state to suspend Wempco's operations in Omo and close down its nearby plywood and veneer factory. Wempco is reluctant to

comment but insists that it is not out to destroy the forest, that it will protect it by employing local people in legal logging and that the environmentalists' campaign against the company is a false alarm that is misleading the public.

For decades, hunting and new venture employing farming by a growing popu- missioner for agriculture

the Cross River forest. In a state which needs such 1990 report the WWF warned that without prompt action the upland Okwangwo area would be "of trivial significance for conservation

within 10-15 years." A year later the federal government made two thirds of the forest a national park. Conservationists are gradually persuading communities in and around the park that they are better off preserving the forest than hunting and farming in it.

One such project, the Ikuri Initiative, is recognised by the state government as a model for community forestry. The Pandrillus rare monkeys breeding programme has won interna-tional awards for its community work at Afi mountain. The European Union project to develop the economy and protect the forest around the Okwangwo division is winning local support.

The Fepa's lack of sympathy with the conservationists follows criticism of the park from the Cross River state government, which recently claimed compensation from the federal government for loss of revenue through the creation of the national park.

Mr Frank Afufu, the com-

more than 1,000 people in a lation have encroached on and forestry in Calabar, the state capital, says the creation of the Cross River national park in 1991 and an EU aid project, now cancelled, raised false hopes.

Conservationists say the claim, coinciding with the arrival of Wempco, has left the forest in severe jeopardy.

Mr Afufu believes fears

are exaggerated.

"We want the national park but people can't die to let a tree live. You have to provide an alternative wav to make a living. The development which our people believe in is ocular development - what they can see,' says Mr Afufu.

"Nigeria should follow the lead of other African countries - South Africa, Gabon and Ghana - and join the worldwide movement for certification for all forestry operations by the International Stewardship Council,' said Mr Philip Asiodu, a former oil minister, who heads the NCF.

"The companies now descending on us here have all been affected by the stricter controls now imposed in countries like Thailand, Malaysia and Indonesia. The risk is that there will be five years of

Uzbeks' hard currency problems in Kabul increase

in Almaty

Uzbekistah's efforts to ease a shortage of hard currency backfired this week, boosting black market rates of the dollar and driving many importers of western goods to either increase prices or halt business altogether.

Shelves of many westernowned supermarkets have run out of supplies and prices of electronics have shot up as traders struggle to adapt to new restrictions on the purchase, use and export of hard currency. The street exchange rate of the sum, the local currency, has lost 30 per cent of its value in recent weeks as Uzbeks rushed to change their sums into dollars illegally.

Uzbekistan has faced a hard currency shortage since March because of disappointing export revenues. Rather than selling gold reserves or lowering the exchange rate of the sum, however, the government has left even its largest investors dangling with mil-lions of dollars in local cur-

"We're only getting a fraction converted," said Mr Hikmat Ozmaden, general manager of Tashkochavto, a dealership for Turkish-made Fiat cars. "But they will solve their problems. This is

same charged

17,4850

temporary."
Mr Ozmaden said the government had banned conversion of revenues from pas-senger car sales, his main business, and started charg-ing a 30 per cent commission on every dollar converted from sales of car accessories, parts and lubri-

Mr Igor Melnikov, head of strategic research at the National Bank, Uzbekistan's largest commercial bank, said that sum revenues on some foodstuffs, including chewing gum, beer and tobacco were at the bottom of the waiting list for con-

"We have sizeable gold reserves - they can cover all imports for seven months," Mr Melnikov said. "Problems arose while we started moving towards convertibility. But they were more organisational than eco-

"There's no fundamental problem with the economy," one western economist said, but they have no great faith in market measures working in solving prob-lems. They felt they could weather the storm with a bit of short-term rationing. That didn't work."

Attack on Taliban positions

from Kabul.

north of Kabul, and another pass, Khair Khana, also north of Kabul, began early

yesterday morning.
It was followed shortly after by a bombing apparently aimed at the capital's main airport in northeastern

Witnesses said the airport used for both military and civilian traffic, appeared

"The objective is to advance as far forward as possible," Mr Mehrabuddin Masstan, a spokesman for the commander of former government forces, Mr Ahmad Shah Masood, told reporters at the force's headquarters in Jabal os-Siraj

leader, General Abdul

But he said the assault was "progressing well".

A senior source in Mr Masood's camp said retaking Kabul from the Taliban mili-

Taliban shells also landed near the old road into Kabul,

miles) north of Kabul. The Pakistan-based Afghan Islamic Press (AIP) agency reported later yester-day that a commander loyal

Jalalahad. Sources close to com-mander Hazrat Ali told AIP his forces had seized the area after killing many Tali-

restarts

Afghan government bombed Kabul and launched a blistering assault on Taliban troops north of the capital yesterday, breaking a two-day hill in Afghanistan's latest war, Reuter reports

Kabul, which killed three

previous two attacks were passes, viewed by the former government as "the gates to Kabul".

militarily vital.

around the village of Hus-sein Kot, about 20 km (12

to the ousted Afghan government on Wednesday launched an attack on the Taliban in Dara-i-Noor, about 28 miles northeast of the eastern city of

tion of a gold medal to General Sani Abacha, the Nigerian president, by the head of the World Intellectual Property Organisation (Wipo), a United Nations agency. The award was given in spite of condemnation of Nigeria's human rights record by two other UN bodies, the Human Rights Commission and the International Labour Organisation, and the country's suspension from membership of the Commonwealth for human rights violations. The presentation, made without

Forces loyal to the ousted

The assault, on both the

children and wounded seven people.

undamaged.

further north. Mr Masstan said he could not confirm whether any ground had been secured by the anti-Taliban alliance, made up of Masood's troops and heavy weapons and those of the northern Uzbek

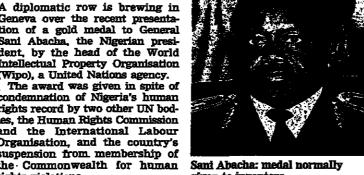
Rashid Dosnum.

The assault on the passes is the third in nine days. The stalemated around both

tia was both politically and

below the Khair Khana pass. A commander on the old road reported fighting

ban fighters and capturing the former Labour govern-



given to inventors

the knowledge of other Wipo mem-Abuja, the Nigerian capital, during ber governments and most Wipo a visit in October by Mr Arpad staff, apparently took place in Bogsch Wipo director general. The

US is demanding an explanation of the award.

Abacha medal award prompts UN dispute

In a letter to Mr Bogsch expressing Washington's "deep concern", Mr Daniel Spiegel, US ambassador to the UN in Geneva, notes the Wino gold medal is normally given for significant achievements by

We are not aware that Gen Abacha has made significant contributions as an inventor, nor has Nigeria proven to be particularly leserving of special recognition for its progress in advancing the protection of industrial property rights." the letter says.

Nigeria is said by international business groups to be a thriving market for counterfeit goods, including films, television programmes and sound recordings.

Mr Bogsch, a Hungarian-born US Nigerian government recommenda citizen now in his late 70s who has headed Wipo since 1973, was not available for comment yesterday. This latest incident follows another dispute in September over an ambitious plan for a new Wipo building. now being re-examined after US intervention.

Western diplomats yesterday confessed bafflement over Mr Bogsch's motives for giving the award. One speculated that Mr Bogsch, who retires next year, was trying to boost the chances of Mr Carlos Fernandez Ballesteros, Wipo's Uruguayan assistant director general, to succeed him. Mr Ballesteros accompanied Mr Bogsch on the trip to Abuja.

Another suggested Mr Bogsch may have felt obliged to accept a stances a year ago.

tion that Gen Abacha receive a medal. Mr Bogsch "showers two to three medals wherever he goes." the diplomat said, noting that the president of Uzbekistan had received one last year. However, in his letter Mr Spiegel argues that, as a specialised UN agency, Wipo has an obligation to respect UN mandates and recognise the political consequences of its actions.

He said vesterday that it was "outrageous and bizarre" for an award for inventive genius and creative talent to be given to the head of a government that had forced its only Nobel Laureate, writer Wole Sovinka, into exile and executed another writer, Ken Saro-Wiwa. under "very questionable" circum-

Settlements policy under fīre in Israel

By Judy Dempsey

The Israeli government is actively pursuing a policy of expanding Jewish settlements as well as encouraging people to live in the West Bank by offering financial incentives, Peace Now, Israel's most prominent peace movement, said yes-

The settlement policy will be allocated Shk600m (\$183m) from the 1997 bud-

get, double the amount in this year's budget. Mr Mossi Raz, a Peace Now activist who has scrutinised the 1997 budget, said the government would finance its settlement policies by trimming the budgets of ministries not involved in the settlements.

"While ordinary Israelis have to face a Shk4.9bn cut in social welfare pro-grammes, the settlements will be spared any of these measures," added Mr Raz. "We are sure of one thing.

There is now a conscious policy of expanding the settlements and encouraging people to settle in them." Settlers will continue to be granted a tax reduction of seven percentage points from their salary.

Peace Now earlier in the week sent a letter to Mr Benjamin Netanyahu, the prime minister, to coincide with the first reading of the budget, which aims to cut the budget deficit to 2.8 per cent of gross domestic product next year compared with 3.8

per cent this year. It protested about the 100 per cent rise in spending for the settlements as well as the fact that 90 per cent of the budget allocation was for areas beyond the Green Line, Israel's pre-1967 bor-

A close reading of the 1997 budget proposals show that the housing and construction ministry will be allo-cated Shk172m to finish housing projects started in constructed by Arabs. the West Bank between 1990 and 1992 but unfinished by ment, which itself had struction without a permit.

gest settlement expansions during its tenure in office.
The agriculture ministry

has been given a budget of Shk145m for new settlements and the ministry of industry and commerce has additional spending of Shk69m for investing in settlements on the West Bank.

The state-run Israel Lands Authority, the country's largest landowner, will be given Shk193m, a 15 per cent increase on this year's budget - which was not spent specifically for expropriating

Har Homa is in east Jerusalem where Israel's jurisdic-tion is not recognised under international law. It has been earmarked for developing a Jewish-inhabited dis-

Meanwhile, the govern-ment would not confirm whether a plan drawn up by

Pressure is coming from ultra-Orthodox communities

Mr Avigdor Lieberman, the director general of the prime minister's office, grant new settlements in Gaza and the West Bank "high national

The government is coming under pressure from the ultra-Orthodox communities to make more new housing available for the

settlers. Almost all buildings demolished by Israeli regulators since 1993 for unlicensed construction belonged to Arabs, the Haaretz newspaper said yesterday, Reuter reports from Jerusalem.

The newspaper, which

examined Interior Ministry

reports, said 90 per cent of

all illegal buildings razed in

Israel and East Jerusalem in the last three years were It said, however, that Arabs were responsible for only 65 percent of all con-

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Lloyd's may broaden regulation

By George Graham in London

The Lloyd's insurance market is reviewing whether its regulatory functions should be passed to an outside organisation,

Lloyd's yesterday announced the formation of a review group under the chairmanship of Sir Alan Hardcastle, who chairs its existing regulatory board, to examine arrangements for overseeing the market.

The group's terms of reference say it will consider

fears that proposed Euro-

pean Union rules on con-

struction may make bus

travel less attractive. The

European Commission's

industry directorate (DG3)

proposes to publish a direc-

tive laying down standards

for the construction of buses

and coaches within the next

few weeks after four years of

wrangling and no fewer than

the cost of buying vehicles,

reducing the already slim margins many operators

make. UK requirements to

improve disabled access are

currently forcing bus opera-

tors to invest in more expen-

sive low-floor and "kneeling"

British bus operators com-

plain that the directive is

based on the mainland Euro-

pean approach to bus design.

which allows for relatively few seats but plenty of

standing room. Buses in

Britain and Ireland have tra-

ditionally offered more seats.

By Alan Cane in London

The British bus industry

nine-month-old UK

system which offers small for £28.1m (\$45.8m).

ips, the Dutch electronics high speed telecommunica-

company has developed a

and home-based businesses

the advantages of large, com-

puter-based telephone

exchanges at a fraction of

The system, called "Imagi-

nation", has been designed

and developed and is manu-

factured by Telecom Sci-

ences Corporation for Phil-

(WHOOPS! SOMEONE ELSE HAS BEEN BLOWN AWAY BY THE AUDITORIUM DEMO ROOM)

Tel: 0171 247 5000

the cost.

The industry fears that the

eight drafts.

Bus industry

design ideas

alarmed by EU

Operators fear new standards

could force their costs to rise

draft directive could push up of the confederation.

The British bus industry still has deep misglvings in

undertake or supervise any regulatory activities.'

Sir Alan said the review would involve the Securities and Investments Board, the regulator of most of the rest of the City of London's financial institutions and markets under the 1986 Financial Services Act.

Lloyd's is regulated under its own 1982 act of parliament and largely exempt from the FSA, though the government's Department of Trade and Industry has a role in protecting policywhether organisations holders interests. Bringing

spite of assurances from Mr

Neil Kinnock, European

transport commissioner, to

ger Transport, representing

bus, coach and tram opera-

tors. "We hope that the

directive will concern itself

with matters of safety rather

than comfort, which are best

left to the individual mem-

ber states or to the opera-tors," said Mr Dennis

Flower, operations director

which Brussels has been

working include allowing a

greater number of standing

passengers while reducing

The main proposals on

the Confederation of Passen-

other than Lloyd's should it under the SIB would lined by the market's trou- about Lloyd's future shape require fresh legislation.

Although a committee of the House of Commons said last year that the insurance market's regulations needed overhauling, the government has ruled out any action before the summer of 1997.

The 13-member review group will also consider the structure and staffing of Lloyd's regulatory division and the composition of its regulatory board.

Efforts to review Lloyd's regulation and internal structures have for the last five years largely been side-

In September, however, the DTI approved the creation of Equitas, the reinsurance company into which Lloyd's is transferring about £12bn of mainly US liabilities outstanding on policies sold before 1993.

Approval came after more than 90 per cent of the 34,000 Names - the individuals whose assets have traditionally supported the market agreed to accept a £3.2bn settlement offer to end legal action against Lloyd's.

Much remains unclear

The unlimited personal liability of the traditional Names is being replaced by new corporate investors professional fund managers and insurance specialists which have pumped £1.5bn into limited liability corporate members at Lloyd's in the past three years.

If that trend continues, Lloyd's officials say, it could change the sort of regulation that would be appropriate. Transferring Lloyd's regulation to another body, such

as the SIB, would have much support within the market.

European bus and coach comparisons

1993 (*1991 **19	92) Pop'n	Bus/co	eches		led by			
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Finland	5.1	8	0.6	8.0	1569			
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Portugal	9.9	. 11	0.7	11.8	1192			
Section of National		7.7. 1964.	1.5	Se Sein	(288			
Sweden	8.8	14	0.8	10.9	1239			
Eritain has the third high but only tenth highest of					e Union,			

more to do with technical has progressively reduced standards than with common sense," said Mr Anthony Pursey, commercial director of Walter Alexander, a UK bus and coach body builder. "We found no evidence of any passengers being seriously injured or

Britain's two main political

parties yesterday called for London's distinctive Route-

master buses to be saved

after it was suggested they

the number of seats. Up to stair case on double deckeight standing passengers would be allowed per square The confederation believes metre compared with the that, far from enhancing pasfive at present permitted in senger safety, any moves to reduce seating in buses and The directive is also expecto increase the number of ted to call for an increase in

certain classes of doubledeckers, the installation of a second set of steps to the top

the number of doors and, on

business in Airdrie, Scot-

land, in February this year

"Imagination" enables

companies with only a hand-

advantage of "computer-

telephone integration" an

advanced system used by

large companies to recall

customer details speedily, and ISDN (Integrated Sub-

scriber Digital Network).

Auditorium

may be scrapped by 2000, Liam Halligan writes. killed over the past decade because there was no second

doors will increase the risks to travellers.

"We are convinced that a seated passenger is always safer than a standing one," said Mr Flower. "Further-"These proposals have more, the UK bus industry

tion superhighway.

phone lines.

CTI systems can cost tens

which has limited their use

to large companies. The new

ful of telephone lines to take system, however, has an mitting voice, data and video

entry level price of £699 for a

home business rising to

about £11,000 for a medium-

sized company with 250 tele-

executive, said he expected

Mr David Boyce, TSC chief

innovation is linked to Philips

group. TSC bought Philips' tion lines which form the £80m in Europe by the end DM700 (\$463.50) towards the telecoms manufacturing foundation of the informa- of next year with almost half cost of equipment to be used

centre and rear doors because of the risk to passengers boarding and alight-ing out of the driver's direct In addition, bus operators

do not like doors away from the driver because of the increased chance of passengers avoiding paying their fare and the need to position bus doors alongside shelters and platforms at bus stops. Bus operators fear that the

shift away from double-decker buses to smaller, more economical and flexible mini and midi-buses which followed the deregulation of the UK bus industry in the mid-1980s could also be jeopardised by EU

the total in the UK.

the company to have sales of lated demand by paying machines.

The UK lags behind other

of thousands of pounds European countries in the tions is keen to stimulate

images simultaneously. This

is chiefly because of cost. In

ple, it is now cheaper to

while Germany has stimu- telephone

width of seats. This would have the effect of reducing the number of seats abreast which could be installed from four to three and make their operation uneconomical. This would be in line with mini buses which account for 12 per cent of the UK bus fleet,

One element of the direc-

tive is expected to be a regu-

lation on the minimum

EU member countries will be allowed to seek exemp-tion from the terms of the directive until a review planned for 2005 but British bus operators described this as a "fudge" which at best would postnone the imposition of unattractive regula-

Charles Batchelor

on a newly installed ISDN

line. British Telecommunica-

Mr Boyce says the use of

"Imagination" equipment

eliminate the need for sepa-

Lord Healey, then Mr Denis

Healey, was a Labour MP from 1945 to 1992 and a

by the fight between the

central bank and the

national governments to try

to return to the type of

convergence which was originally intended will

as they already have in

France, and certainly demonstrations, as they are

doing now in Germany," he

duce riots on the streets,

"The social strains created

minister in the 1970s.

N Ireland terror law proposed

By John Kampfner, Chief Political Correspondent

The British government was yesterday presented with a radical prescription for reforming anti-terrorist legislation in Northern Ireland. The recommendations

were contained in the findings of a year-long inquiry by Lord Lloyd of Berwick, who was asked by ministers to look at changes in the event of lasting peace in Northern Ireland.

Some of the suggestions relating to human rights in Northern Ireland are likely to be dismissed by pro-British politicians in the region and many Conservative members of the House of Commons.

The report was commissioned two months before the Irish Republican Army broke its ceasefire in February. With the inquiry remit seemingly out of date, many of its more controversial proposals are likely to be shelved.

The opposition Labour party, however, called the report a "significant contribution" which showed how a second IRA ceasefire "could transform the framework of law and order throughout

The legislation is intended to replace the existing Prevention of Terrorism Act, which applies to the British mainland, and the Emergency Provisions Act for Northern Ireland which are both subject to annual

The report makes clear that, even if peace is agreed in Northern Ireland, permanent anti-terrorist legislation will be required.

One of the aims is to preempt future challenges against Britain by European courts. Among the suggestions are:

 Ending exclusion orders, which have been used in the past to prevent individuals from entering Britain from Northern Ireland. Ending so-called

"Diplock" courts in Northern Ireland, set up to allow judges to cast verdicts instead of juries because of intimidation. Replacing the seven-day

pre-trial custody for terrorist suspects. In future, an initial 48-hour could be extended only by two days through a decision of judges rather than ministers. • Introducing a statutory

provision enabling judges to ensure that a minimum term stipulated for a life sentence reflects the severity of a terrorist crime

• Encouraging informers with a discount of one-third to two-thirds off a sentence conventional telephone line, such as fax machines and if they testify for the proseanswering | cution. Currently it is at the discretion of judges.

kinds of liabilities the UK

might be exposed to, the

committee said the UK's

total national debt - includ-

ing unfunded pension liabili-

ties - was currently equiva-

lent to £9.000 per person.

This would increase to an

average of £30,000 of debt if

total EU liabilities were

shared among all member

states. However, the Trea-

sury argued that the UK was

protected by several aspects

a leading economic adviser

to the European Commission

was set to raise concerns

about the economic pres-

sures from public sector pen-

sion schemes across Europe.

It emerged yesterday that

of the Maastricht treaty.

UK NEWS DIGEST

Export credits agency recovers

The Export Credits Guarantee Department has completed its recovery from more than a decade of serious financial difficulties caused by the Third World debt crisis, the head of the government-owned trade finance agency said vesterday.

Mr Brian Willott, chief executive, said a buoyant operating performance and an improvement in the department's cash flow in the year to March 31 had enabled it to make 2246m (\$400.98m) cash payment to the Treasury.

The last time the ECGD contributed to the exchequer was in 1983. It then operated in deficit before achieving break-even in 1993-1994. Last year's payment is believed to be the largest ever, although the ECGD said changes in its operations made direct comparisons with previous ears difficult.

The ECGD said its trading surplus on new insurance business written since 1991 rose to £103.3m in the last financial year from £60m. Premium income increased to £156.5m from £112.5m, while claims paid fell to £294.7m from £421m.

Guarantees issued for new business rose 35 per cent to £4.06bm, twice the average annual level for the previous decade. The figure was boosted by cover for exports of Airbus commercial aircraft and large power station projects in China and the Philippines. China was by far the Guy de Jonquières piecest market for new business.

■ CORPORATE GOVERNANCE

Two-tier German boards rejected

The Confederation of British Industry, the country's biggest employers' lobby, yesterday rejected suggestions from the opposition Labour party that economic "stakeholders" such as employees, customers and suppliers should be represented in company boardrooms.

In a report prepared for the corporate governance committee chaired by Sir Ronald Hampel, the CBI acknowledged that the UK's traditional unitary board system was under attack following public arguments over directors' pay and the role of non-executive directors in supervising executive directors.

However, the CBI said that the answer to these concerns did not lie in opening boardrooms to representatives of stakeholders or accommodating stakeholders by creating German-style two-tier boards.

■ PENSIONS Mis-selling leak investigated

The Personal Investment Authority, the City of London watchdog, has launched an inquiry into a leak of figures showing the slow pace of efforts to compensate people who were mis-sold personal pensions. It plans to appoint

"an independent person of stature" to conduct the probe. The figures, printed in the Independent newspaper in London this week, showed that 26 of the country's leading pension providers had assessed only 9,100 of more than 360,000 priority cases.

The review into pensions mis-selling was launched by the Securities and Investments Board, the chief city watchdog, in 1994 when up to 1m potential cases were identified. Christopher Brown-Humes

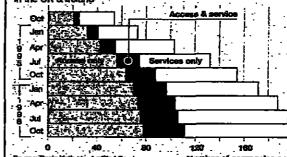
■ INTERNET

Servicing companies' growth falls

The rapid expansion in the number of companies set up to take advantage of the Internet in the UK has fallen off in the past six months, according to a continuing survey of the global network. There are now 630 British companies

Wire services

When companies started providing Internet access & services



isted by ArcGlade Services in their "inetuk" list, of which 61 per cent are involved in designing Net services for other companies. The rest base their business on linking individuals and companies to the Net, although many now cover both the "access" and "services" sides of the

INWARD INVESTMENT

Toyo Seals leases factory

Toyo Seal Industries of Japan is making its first overseas manufacturing investment with a £2.4m (\$3.91m) project in north Wales. The company, which makes rubber seals for automotive bearings, considered other sites in the UK and mainland Europe before deciding to lease a factory at Wrexham in north Wales from the Welsh Development Agency. The project is grant aided by the British govern-

In a separate inward investment, Contico International of the US is setting up a company in Cornwall, south-west England, to assemble plastic spray heads, used for domes-tic cleaning and insecticides. The subsidiary, Continental Sprayers, is expected to create at least 60 jobs in a £5.1m investment at Redruth. The Department of Trade & Industry is providing £840,000 of grant aid. Roland Adburgham, Cardiff

COMPANY SALE

Rolls-Royce in negotiations

Rolls-Royce will today issue a statutory protective redundancy notice relating to all the 1,700 employees of its Parsons Power Generation Systems offshoot, which was offered for sale in July. Rolls-Royce, which is continuing its efforts to sell Parsons, says it is optimistic of a sale. A couple of potential purchasers, whose identity has not been disclosed, have signed confidentiality clauses and are carrying out due diligence.

Chris Tio.

CONTRACTS & TENDERS

INVITATIONS FOR EXPRESSIONS OF INTEREST WITHAM PROSPECT

The Coal Authority has received an Application for a Conditional Operating Licence (Underground) in relation to an area of 19,956 ha, in the counties of Nottinghamshire and Lincolnshire and bounded by the towns of Newark, East Retford, Tuxford and the City of Lincoln. The area is centered on National Grid Co-Ordinates E 482,000 N 365,000 and relates to the Top Hard Seam.

Persons wishing to make alternative expressions of interest in relation to coal mining operations in this area should submit particulars to the Director of Licensing by 31st December 1996.

Expressions of interest should be delivered to:-

The Licensing Department The Coal Authority **Bretby Business Park** Ashby Road Burton on Trent Staffs, DE15 0QD

The subsequent timescale for submission of complete applications will be discussed with interested parties.

Pension debt stirs Emu debate

adoption of ISDN lines, demand for ISDN lines and

which are capable of trans- has recently announced new

the Netherlands, for exam- and an ISDN line would

install an ISDN line than a rate pieces of equipment

tariffs.

Political Correspondent

The cabinet was yesterday embroiled in a new row over sterling's membership of a single currency following publication of a report into Europe's public pension In spite of a determined

display of unity over Europe at last month's annual conference of the governing Conservative party, Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Peter Lilley, the chief social security minister, appeared divided over a report expressing alarm over "unfunded" pensions "unfunded" pensions schemes in European Union

Mr Lilley was said to be warmly supportive of an nvestigation by the House of Commons social security committee, which claimed it would be "crazy" to exclude Europe's growing unfunded pensions liabilities from the monetary union criteria.

Lord Healey, the former Labour chancellor of the exchequer, underlined the increasingly party's sceptical stance over European monetary union on Wednesday by predicting that a single currency would

cause street riots, David Wighton writes. He told the House of Lords that it would be "a disaster

economically and politically" for Europe to 20 ahead and that if the UK could not persuade other countries to delay it should stay out. sury, where Mr Clarke is the

senior minister, said there was no substance to the report, arguing that EU states "have started to take at least some action" to deal with long-term liabilities their unfunded from schemes.

The committee's report, entitled Unfunded Pensions Liabilities in the European Union, argued that France and Germany would face a single currency. But officials at the Trea- crippling fiscal burden in the

said.

next century because of their reliance on pay-as-you go schemes. By contrast, it claims the UK is in a far stronger position because it has more pension assets invested in private sector schemes than the rest of Europe put together.
The committee argues that

the UK would be "at risk" from the levels of pension debt in Europe if it joined a As an example of the system gets worse".

In a paper that will be published shortly, Mr Daniele Franco, economic adviser in

the Commission's directorate general for economic and financial affairs (DGII), argues that the scale of unfunded liabilities will mean that "in the first decade of the next century the outlook for the pension

team fails to prove electricity allegations

Britain's electricity industry will take comfort from the most comprehensive survey of research into the effects on human health of electromagnetic fields (EMFs) which has concluded there is no clear, convincing evidence that exposure to them harms health.

More than 500 studies published over the past 17 years were examined by a committee of the US National Research Council, a body funded by Congress.

Professor Charles Stevens, chairman of the committee, said: "Research has not shown any convincing way that EMFs common in homes can cause health problems, and extensive laboratory tests have not shown that EMFs can damage

human health.' All electrical appliances emit EMFs, as do above and belowground power lines. Since a 1979 study implicated EMFs in an

the cell in a way that is harmful to

At the release of the committee's above-average incidence of child-report in Washington yesterday, hood leukaemia, electricity companies have been sensitive to the financial consequences of public liability suits.

Companies have sought to protect themselves from civil suits by taking out special insurance schemes to help them fight court cases. Eight regional electricity companies in Britain are investigating the establishment of an offshore mutual insurance fund.

childhood cancer is being under-

taken by the UK co-ordinating committee on cancer research. resolving the questions that continue to linger after nearly 20 years of research.

Although Professor Stevens' committee found no experiments on cells, and animals, or studies of humans showing EMFs as being carcinogenic, it concluded that there was an as yet unexplained "association" between EMFs and a An epidemiological study of higher than normal incidence of childhood leukaemia.

It said that the association between residential proximity to This may go some of the way to high voltage transmission lines and increased rates of childhood leukaemia remained unexplained. High voltage transmission lines were associated with "statistically significant" 114 fold excess of childhood leukaemia

> "However, the inconsistency of results and the lack of a positive association when spot measurements are used remain an enigma," the resport says.

RDAN ace cri

FINANCIAL TIMES SURVEY

JORDAN

Peace crisis crushes hopes

Unless the Israeli leader changes course, the kingdom's dream of being the economic hub of the Middle East may prove impossible to fulfil. David Gardner explains why

Just one year ago. King halt, and the much-touted hussein of Jordan opened in Strael-Jordan-Palestine "tribe second Middle East economic summit in Amman, intended to demonstrate that the long Arab-Israeli conflict had given way to peace, cross-border business and regional integration - and to entice investors into choosing Jordan as their Middle Eastern base.

Only days later, prime minister Yitzhak Rabin of Israel was assassinated by a Jewish extremist, triggering a chain of events that led to May's election of Mr Benjamin Netanyahu at the head of a hardline Israeli coalition. The regional peace process has since ground to a

or in an hunder

had mardigale

to Jordanians as the Kingdom's ticket to a middle-income economy, is nowhere in sight.

King Hussein, the Arab leader who went furthest in building bridges towards Israel, has since May looked perilously out on a limb, as exposed as at any time in his bumpy 44-year reign.

In August, a more than doubling of bread prices as part of an International Monetary Fund-sponsored programme to cut the budget deficit and deepen structural reform of the economy sparked a revolt, which

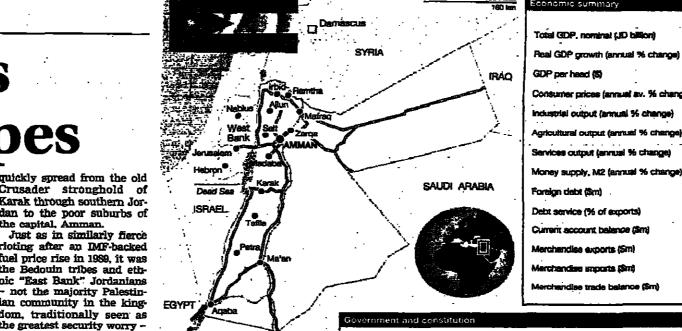
Crusader stronghold of Karak through southern Jordan to the poor suburbs of the capital, Amman. Just as in similarly fierce rioting after an IMF-backed

fuel price rise in 1989, it was the Bedouin tribes and eth-nic "East Bank" Jordanians not the majority Palestinian community in the kingdom, traditionally seen as the greatest security worry who rose in ire. The Bedouin army and intelligence services, alongside an adminis-tration sprinkled with Palestinian technocrats but dominated by tribal grandees, are the pillars of the monarchy.

It was also the East Bankers who took most exception to King Hussein's emotional speech at Mr Rabin's funeral last year. Hostility to Jordan's 1994 peace treaty with deepened as the "peace dividends" rashly promised by the government have failed

Unlike Egypt, which has had more than \$40bn in mainly US aid since signing its peace treaty with Israel in 1979. Jordan has received a write-off of barely \$1bn of its foreign debt, which, at \$6.2bn, still nearly equals its gross domestic product. At the Amman summit a year ago, Jordan had high hopes of attracting investment of up to \$3.5bn, much of it to develop assets shared with its peace partners, such as the water, energy, minerals, land, ports and tourism potential of the Jordan Rift Valley and Gulf of Aqaba Hard though Jordan has worked, virtually none of this has materialised.

After the near collapse of its economy and finances at the end of the 1980s, Jordan successfully stabilised its macroeconomy, and until last year managed non-inflationary growth averaging population remains below



Gulf of Acebe Assembly: Senate of 40 members appointed by the king. Under the constitution, senators are ■ Aree: 91,880 sq km selected from prominent political and public ■ Population: 4.3m Reter Oct. 15, 1996 \$1=JD0.711 Electoral system; direct universal suffrage E Main towns and population: (1981 official settments) Next election due: November 1997

Amman 1,231,000 Matriag 102,000 Amman 1,231,000 Ramitrag 78,000 Ramitrag 78,000 Ramitrag 78,000 Matriag 70,000 Matriaga 70,000 National government: Council of Ministers headed by the prime minister, appointed by the king; ministers appointed by the king on the advice of the prime minister. The Council of ■ Language: Arabic: English is widely Ministers is responsible to the Chamber of apoken. Sources: ElU: Datestreer

Trade Organisation.

But reform, coincident

with an unpopular peace.

has also brought hardship to

a fast-growing population,

widening the gap between

rich and poor, and badly bit-

ting the middle classes, the

social bedrock of Jordanian

stability. According to Mr

Mufleh Akel, a senior execu-

tive at the leading Arab

Bank, while official figures

show an increase in per cap-

ita income over the past

three years of 6 per cent, pri-

vate consumption has fallen

13 per cent in the same

period, and a quarter of the

around 6 per cent of GDP. It the poverty line.

moved quickly on to struc
Yet while it was buoyed by moved quickly on to struc-tural reform, putting in the peace process, Jordan could plausibly aim at place investor-friendly laws and reforming capital marbecoming a prosperous kets, starting privatisation, regional base for investment and signalling its intention and production. "We started to become internationally seeing ourselves as a catalyst that could activate competitive by negotiating a things around us," says Mr partnership agreement with the European Union and Taleb Rifa'i, head of the membership of the World Investment Promotion Cor-

poration, the new "one-stop-

shop" for foreign investors,

"a bridge between the Arabs

and Israel, and a processing

centre for money, goods and services". The pressure for Jordan to reorient its foreign and trade relations was and remains strong. The progressive closing off of Iraq, traditionally Jordan's largest market, as a result of UN sanctions following President Saddam Hussein's 1990 invasion of Kuwait, and the very slow recovery of exports to the Gulf, where Jordan was until

recently unwelcome because

led alliance that evicted Iraq in 1991, means Jordan has a more pressing economic interest in peace than many of its Arab neighbours.

This may partly explain why King Hussein took greater risks in arguing that the Arabs should give Mr Netanyahu more time, even though the Israeli leader rejected from the outset returning more conquered Arab land in exchange for peace, and has ruled out a Palestinian state on the (formerly Jordanian) West Bank with occupied Arab east Jerusalem as its capital. At June's Arab summit in Cairo, the first since the Gulf crisis, Jordan resisted Syrian-led demands for an immediate end to diplomatic and commercial ties with Israel.

But September's ferocious fighting between Israeli troops and Palestinian policemen across the Jordan river on the West Bank, the result of Mr Netanyahu's it stood aside from the USfailure to implement even

the interim self-rule agreement the Palestinians reached last year with Mr Rabin, seems to have forced

Alliance; Popular Unity Party; Future Party; Unionist Arab Democratic Party; Islamic Ac

Front; and pan-Arab nationalist, Baathist and

the king to rethink. He was criticised for attending last month's emergency summit between Mr Netanyahu and the Palestin-ian leader Yassir Arafat in Washington - whereas President Hospi Mubarak of the king used the occasion to vent all the fury of a spurned moderate on the Israeli leader. American leaks confirmed by the king revealed that he had warned Mr Netanyahu that his extremism and warmongering could the the region into an abyss, and fatally undermine the peace camp in the Arab world.

The precariousness of Jordan's own position should the peace process fail and West Bank desperation spill over the river, is underlined

minister. "With the [September] events in Palestine," he warns, "the frustration of the Palestinian population [in Jordan] is becoming equal to that of the 'East Bankers'. That is very, very dangerous."

Friday November 1 1996

1.653

-279

1.950

-1.578

5.1

7,129

-221

1,776

-1,521

Prime minister, foreign and defence minister. Abdel-Karfm al-Kabar

Speaker of the Senate;

Speaker of the National

In an interview last month the King himself warned that the Egyptian and Jordanian peace treaties with Israel - the only secure achievements of half a century of peacemaking - "will definitely be in question if there isn't a strict adherence to all agreements", especially the Israeli-Palestinian accords. "Without the peace process," one cabinet minister says, "the [1994] treaty is just a piece of paper".

The King followed this up with his first visit to the West Bank since Israel captured it from Jordan in the 1967 six-day war, going out of his way to support Mr Arafat and allay Palestinian suspicions of Jordanian collusion with Israel.

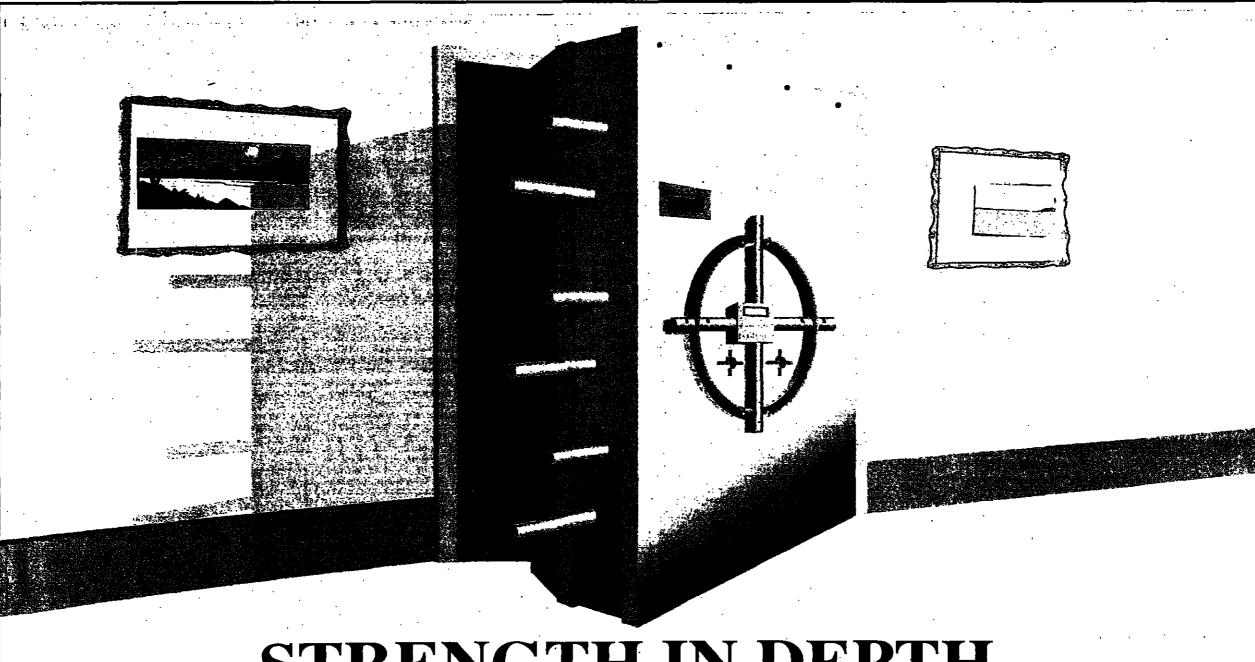
At home, he has been under pressure since the riots to replace the reforming government of prime minister Abdel-Karim Kabariti. Some leading Jordanian politicians sense he may circle the wagons with a broadbased national and nationalist coalition, perhaps including the fundamentalist Islamic Action Front, the most cohesive opposition group, which helped keep the August events within constitutional bounds.

Senior officials say the hope is that increased pressure on Israel from Washington after next week's US elections, combined with a united Arab front led by Israel's peace partners, Egypt and Jordan, will translate into internal pressure on Mr Netanyahu to change Egypt garnered Arab plau- course - especially from dits by staying away. But Israel's internationallyminded business community. Unless that happens, they believe, there is little prospect of the Middle Fast fashioning a framework for moving forward, and therefore little chance of Jordan becoming an economic hub for the region.

You have to offer yourself as a region," says a senior official responsible for strategy. "There is no alternative, even if, as yet, we don't have a region. These are very difficult times. It will happen, but when is a question I can-



Jordan's prime minister, Kabariti: has had to face domestic unrest



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■ Economy: by David Gardner

dressed up with nowhere to go? pressure on the current trade with Iraq. This, UN-

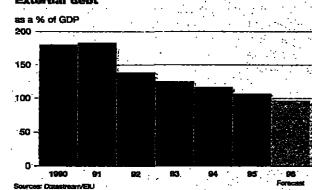
The success of macroeconomic reforms is diluted by continued regional strife

The election in May of Mr Benjamin Netanyahu as Israel's prime minister at the head of a hardline coalition opposed to returning con-quered Arab land in exchange for peace has given Jordan's economy the look of being all dressed up with nowhere to go.

After near financial and economic collapse at the end of the 1980s, Jordan has successfully stabilised its macroeconomy. It has also put in place investor-friendly laws intended to create a regional base for a Middle Eastern market it expected to expand and become integrated as a result of the peace process between the Arabs and Israelis. But that has not happened.

Partly as a consequence, attendant restructuring problems - such as the lifting of bread subsidies that convulsed the kingdom in riots in August - and secular problems such as fastdwindling water resources. which can only be solved within a regional accord. look more intractable.

External debt



Throughout the 1970s and ket, started down the road to and Israel, and a processing most of the 1980s, Jordan privatising state assets and centre for money, goods and prospered from the surge of oil wealth from its Arab neighbours, and by feeding the undemanding Iraqi market throughout the 1980-88 Iran-Iraq war. But then the mid-80s oil price collapse, draining off the flow of aid and Jordanian remittances from the Gulf, was followed by the 1990-91 Gulf crisis. This closed off Jordan's biggest market in Iraq and isolated the kingdom from the Gulf, after King Hussein refused to support the Western-Arab coalition that

evicted Iraq from Kuwait. Nevertheless, backed by the International Monetary Fund and the World Bank. Jordan in 1990 launched a thorough restructuring programme, which until last year yielded average annual growth in GDP of 6 per cent. cut inflation from 16 to just over 4 per cent, and slashed the budget deficit from over 18 to around 5 per cent of GDP.

Beyond macroeconomic stabilisation and the maintenance of a strong and convertible dinar through high interest rates, the government has cut corporate taxes heavily, liberalised foreign investment rules, consolidated the banking sector and reformed the securities mar-

perately needed investment from foreigners and Jordanians who hold an estimated \$6bn abroad - Jordan. without the size of Egypt or the riches of the Gulf, had to expand from a small market of 4.3m people to a base for the region. The peace pro-

Organisation - the two

clearest signals of its wish to

be integrated with the inter-

placed a big strategic bet -

signing its 1994 peace treaty with Israel, and banking on

the emergence of a Jordan-

Israel-Palestine "triangle" of

cross-border economic inte-

gration, investment and

the fat years had developed

turing base, with big state-dominated companies in pot-

ash, phosphates and fertilis-

ers, cement and refined oil

products, and smaller pri-

vate ones producing pharma-

ceuticals, detergents and

chemicals, footwear and tex-tiles, and processed foods.

The fertiliser business has

internationalised through a

bold joint-venture policy aimed at securing more

added value and long-term

markets. But to attract des-

High investment during

small but solid manufac-

In mid-reform, Jordan

national economy.

cess appeared to be the key.
"The peace process added something unique to a strategy to integrate our economy internationally," says Mr Taleb Rifa'i, director of the Investment Promotion Corporation, the government's new "one-stop shop" for foreign investors. "We started seeing ourselves as a bridge between the Arabs

services."

halved the weighted average First-quarter direct investtariff to around 17 per cent. By the end of this year, it ment approvals of \$300m. hopes to have sealed a partabout one fifth from abroad, nership agreement with the showed modest promise which quickly faded with European Union, and has the Israeli election. already started negotiations to join the World Trade But hopes that the 1994

treaty would lift Jordan's economy into the middle income bracket were not materialising even before the advent of Mr Netanyahu. and his subsequent freeze on the peace process with the Palestinians and Syria. "Economic logic cannot be a substitute for political progress," Mr Rifa'i ruefully

Jordan received nothing like the peace "dividend" Egypt got for its 1979 treaty with Israel, which still amounts to nearly \$4bn foreign aid a year and the near halving of its foreign debt. The kingdom instead got modest sovereign debt writeoffs, mainly from the US and UK, cutting the debt from \$8.4bn in 1991 to \$6.2bn now. That is still roughly equivalent to Jordan's GDP and this "overhang" is putting halve its oil-for-goods barter

account, at a time when Jordanian export options are far from clear.

The Palestinian West

Bank, let alone the much bigger, more sophisticated Israeli market is all but closed to Jordan for what Israel insists are security reasons but Amman construes as protection of a captive market. Jordanian cement, for instance, when it can get into the frequently blockaded occupied territories, has to travel on a "back-to-back" system, unloading at the border and reloading in the West Bank; leaving Jordan at \$46.50 a ton, it arrives in Gaza at \$91 a ton, erasing Jordan's com-

But it is above all in Iraq, which even after the Gulf War was taking 20 per cent of Jordanian exports, where the pressure is becoming acute. The indefinite postponement of UN-sanctioned "humanitarian" oil sales to enable Iraq to buy food and medicine has combined with Jordan's decision nearly to

parative advantage against

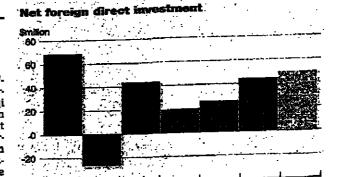
Israeli suppliers.

agreed, protocol allowed Jordan to import \$400m in Iraqi oil at a discount, in exchange for goods that Amman paid Jordanian merchants for supplying. In practice, Jordanian export-

ers were supplying far more - leading to arrears on the protocol of \$1.3bn, officials say. The government's decision to rein in this trade means that total Jordanian exports are now growing at only 10 per cent, against nearly 50 per cent in 1994-95. All this has highlighted once again the dilemma Jor-

dan faces about where to aim its goods - regionally or internationally. Mr Mufleh Akel, senior credit manager at Arab Bank, Jordan's leading bank, says "the Iraqi market is a strategic market for us, and we can't easily replace it", adding that, with exceptions like fertiliser, to go regional is more practical".

Mr Riad Fariz, the new governor of the central bank, contrast detects the beginnings of "a structural shift towards more demanding markets", with exports



to Europe, for instance, up fivefold since 1991. "My view is that with globalisation, if we cannot compete internationally then we cannot compete regionally," he says.

1990

The central bank has come under attack for maintaining high interest rates - currently ranging between 13 and 14 per cent against inflation of 4 to 5 per cent if the one-off effect of the bread price rises is discounted. Yet these rates are a vital hook for remittances and repatriated capital - running at JD504m in the first half of this year against JD797m all last year, or JD265m in 1991 one of the kingdom's three main sources of income along with tourism and fertiliser exports. Mr Fariz also

intends to deter dollar specu lators. While there is virtually no dinar liquidity, the banks hold around \$3bn in dollar deposits and the governor is determined the price of redemption will be high. The policy diverts savings

into land and high-yield gov-ernment instruments, but Mr Fariz maintains that investment is still high (at over 30 per cent of GDP), and points to central bank rate rebates and dinar lines available to industrial investors. "My top priority is to

maintain the stability and credibility of our macroeconomy and vital to that is the stability of the dinar," he insists. "Without macro stability, there would be no investment at all.

Up for sale: the government's prime privatisation candidates

At a time when the stalling of the peace process has the Jordanians worrying about where to find stable export markets and where to get investment to upgrade their economy, the sale of state assets looks the best hook both for foreign investors and an estimated \$6bn in Jordanian capital held abroad.

The government, after selling off a number of hotels, has yet to devise a rounded strategy. After August's revolt against IMF-backed bread price rises, it is also conscious that privatisation should not be seen to widen the growing income gap between rich and poor, and should serve to bolster the

hard-pressed middle classes. In principle, therefore, future buyers and private operators will be required to keep at least 25 per cent of their equity in the market to broaden the base of ownership. The placement of shares with company employees is being studied, and proceeds from the sales will partly go towards social safety nets

ranging from housing to pensions.

Among the state assets being reviewed for private sale are: The TCC monopoly ends in 1998, and private mobile telephone operators already have 8 per cent of the market. Last month, it was

■ Relations with Israel: by Judy Dempsey

turned into a stockholding company capitalised at JD250m. The government is seeking a strategic partner for 26 per cent of TCC. with the rest offered on the stock market. Jordan Electricity Authority JEA was converted into a stockholding company in September. The government is poised to invite tenders for independent power generation

projects prior to privatisation. Water and transport The government will privatise the Aqaba Railway Corporation and public bus companies and will invite private investment in transport and water projects.

Fences may not mend

 Jordan Cement Factories The state owns 49.5 per cent of Jordan Cement and is looking for a strategic partner from at least six applicants, among them Lafarge of France and Holderbank of Switzerland.

 Arab Potash Company (APC) and Jordan Phosphate Mines Company (JPMC) The state holds 55.3 per cent and 42.4 per cent in APC and JPMC

respectively. No decision on these highly profitable and strategic assets, has as yet been made, partly because of the pan-Arab shareholding structure, but officials say "they will be studied".

Politics: by David Gardner

rms at the 'oasis'

Recent events have raised doubts about the king's system of government

About a year ago, King Hussein returned to Jordan to find that his then prime minister had erected a monumental statue to him outsubtle man, politely thanked him, but ordered its immedi-

But if he thought that artifact might seem provocative. its swift replacement by an obscure monument resembling a sheaf of wheat is unbeatable for its poor timing. For the new prime minister. Mr · Abdel-Karim Kabariti, and the Hashemite monarchy he serves, in August had to face down a failed to deliver any "peace revolt against a more than dividends". Although govdoubling of bread and wheat prices implemented as part, tural economic reform would of an IMF-backed restructuring programme.

The rioting forced the King to suspend parliament and send in élite units of his widening of the gap between

lar riots in 1989 against IMFagreed fuel price rises.

easily 60 per cent of the 4.3m population and seen as the country's most serious security concern since the 1970-71 civil war with the Palestine Liberation Organisation - who rose in revolt. side his office - built in It was the ethnic or "East North Korea and with Ozv- Bank" Jordanians of Bedmandias dimensions to ouin origin, the bedrock of match. The King, himself a the king's army and admin-

The king quickly brought the situation under control. Few, in or outside Jordan, took seriously his claim that Iraqi agents were behind the unrest. The origins of the discontent are domestic.

Put simply, Jordanians were promised that the deeply uppopular 1994 peace with Israel would raise incomes, whereas it has ernment cutbacks and struchave had to happen anyway following near economic collapse at the end of the 1980s. the ensuing hardship and rich and poor is associated

domestic challenge the with the king's enthusiasm frustration of the Palestinian regime had faced since simi- for closer links with Israel, population [in Jordan] is and his volte-face last year on iraq, after refusing to join Just like then, it was not the US-led alliance against citizens of Palestinian origin President Saddam Hussein's 1990 invasion of Kuwait.

To keep peace with Israel, moreover, the authorities have had to tighten their grip on the "guided democracy" that the King has touted as a model for the region. This democratic experiment, with an elected Islamic Moslem Brotherhood, still makes Jordan an oasis of liberalism in a desert of dictators and despots. But it is under heavy pressure, especially with the

peace process now at a halt. The ferocious fighting in September on the West Bank between Israeli troops and Palestinian security forces is still reverberating through the kingdom. It prompted the King - the Arab leader who has done most to build bridges towards Israel - to warn that the extremism of the government of Mr Benjamin Netanyahu could tip the

region into disaster.
"With the events in Palestine," warns a former Jordanian prime minister. "the

becoming equal to that of the 'east bankers'. That is very, very dangerous." But, for the moment, the

system has shown its resil-

tially crystallised around the Brotherhood's Islamic Action Front (IAF). The IAF became the biggest party with 34 of 80 seats - when the King responded to the parliament including the 1989 riots by restoring parliafundamentalists of the pan-ment, dissolved in 1957 after tion. In the 1993 elections. the IAF was whittled down to 16 seats, as the regime nervously changed voting procedures to ensure more loyalist tribal grandees were

> But after the August events, the King appears to have recognised that the IAF which grouped around it just over half Jordan's fragmented political spectrum in a call for Mr Kabariti's resignation - was a factor in the system's resilience, a loval opposition that helped keep the outbreak within manageable bounds.

Subsequently, in the face of Israeli obduracy towards the Palestinians, King Hussein has been strident in his criticism of Mr Netanyahu. often foreshadowed in his remarks by Crown Prince Hassan, his younger brother and heir to the throne.

All of this taken together has led Amman's rumourdriven political salons to expect a change of govern-

After the 1989 riots, the King immediately dismissed his then premier. This time, however, he has stood firmly by Mr Kabariti. The ambitious prime minister is closely associated with the turn towards Israel and away from Iraq, and is carrying out an economic reform policy to which the regime is firmly committed. But one function of the premiership, within a political élite that rotates frequently, is as lightning rod for the monarchy. "Most of the criticism of Kabariti is in fact directed at

ing politician. He, and others like him. believe the King will dispense with Mr Kabariti and seek a new, "more national and nationalist" administration, possibly with more Palestinian-Jordanians in its ranks. While few such scenarios are without self interest, they at least have ample precedent to draw on. And King Hussein will need more than his Bedouin troops and intelligence services to batten down the hatches against the storms ahead.

the King," observes one lead-

It seems the accord between the kingdom and

Israeli leaders died with Rabin August's discontent ini-

Mr Benjamin When Netanyahu was elected prime minister of Israel last May, Jordanian officials chose their words carefully. Unlike the other Arab states. which viewed Mr Netanavhu's election with more than trepidation, believing the years earlier at Madrid was in jeopardy, Jordan preferred to wait.

"We wanted to give Netariyahu the benefit of the doubt," one senior Jordanian official explains. "Until then, we had high expectations perhaps too high - about the

peace process.' That those expectations were not justified seems to have been confirmed in recent months by the breakdown of Jordan's special relationship with the Israeli government.

Over the years, King Hussein of Jordan forged a par-ticularly close relationship with Mr Yitzhak Rabin, the former Labour prime minister assassinated by a farright wing Jew a year ago. "We honestly felt he understood not only our needs but, more importantly, the Arab world," a Jordanian official

Even though Egypt was

the first Arab country to sign a peace agreement with Israel back in 1979, Jordan's links with Israel were in fact closer, culminating in a peace treaty in 1994. Jordan's borders were opened; trade improved. And although there were many outstanding issues to be resolved - most notably the future status of Jerusalem ~ Jordan felt it had a reliable partner in Mr Rabin. His death, and the subsequent election of Mr Netanyahu, created a vacuum in relations between Jordan and Israel. It is one that Mr Netanyahu's conservative Likud-led coalition seems unable to fill,

Two examples serve to illustrate the deterioration of trust. Just days before Mr Netanyahu announced his decision to expand the Jewish settlements in the West Bank last September, Mr Dore Gold, one of Mr Netanyahu's closest advisers, visited King Hussein to discuss the slow pace of the peace process. Not a word was said about the settlements. The day after Mr Gold returned to Jerusalem, the settlement decision was announced. A

the Arab world against with Mr Netanyahu.

The king (right) and Netanyahu...Jordan's early optimism has given way to public criticism

returned to Amman but did not tell King Hussein of Mr Netanyahu's decision to open a tunnel exit close to the Al-Aqsa Mosque in Jerusalem. The next day, the tunnel was opened, a move that sparked off violent demonstrations and fighting between Israeli and Palestinian forces.

Jordanian officials, who in the past conveyed their opinions on any sensitive issues through diplomatic channels, this time chose to criticise the Netanyahu government publicly. The fact that Israel dismissed - initially such criticism, was, according to Jordanian officials. indicative of the way the Likud government perceived Jordan and the Arab world. "Likud is not sensitive to Arab needs or Jordan's," a Jordanian official said.

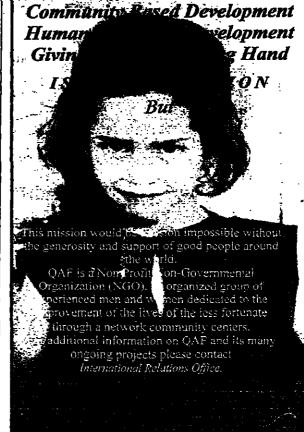
"Rabin understood them." Those needs are considerable. The peace process is not only about legitimating Palestinian self-rule, or the establishment of a civil society and administration in the West Bank and Gaza, or the development of a new security architecture in the Middle East: for the Jordanians, it is the tool that will help resolve a complex range of issues.

These issues include the fate of Palestinian refugees in Jordan, the kingdom's status in relation to the Holy sites in Jerusalem and its relations with the West Bank. And since 70 per cent of Jordan's population is Palestinian. Amman can ill-afford to have unstable relawith either Palestinians in the West Bank, who are far from united in their policies towards Jordan, or Israel.

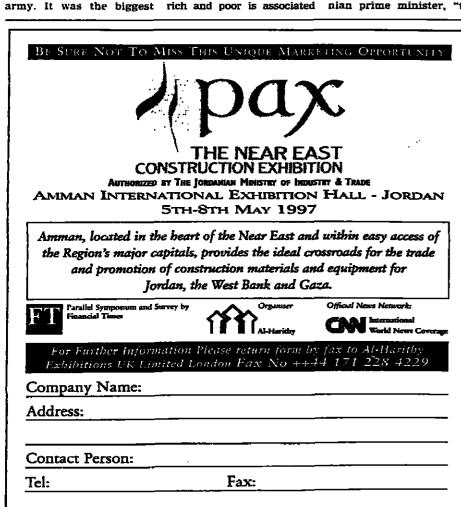
Yet the way the Netanyahu government has conducted foreign policy with Jordan and the Arab states few weeks later, Mr Gold has, ironically, galvanised Likud. And, regardless of the gap between rhetoric and substance, it has brought it closer to Mr Arafat, the president of the Palestinian Authority who, over the years, has had a difficult relationship with his Arab

kin. Last month. King Hussein made a visit to the West Bank town of Jericho - his first since 1967 - as a show of solidarity to the fledgling Palestinian state and as a demonstration of his anger are not good.

Since that visit, it has been left up to Mr Ezer Weizman, the president of Israel, who himself has been outspoken about the Netanyahu government and the dangerously slow pace of the peace fences with Amman. But for Jordanian officials, bringing relations between Israel and Jordan back on an even keel depends precisely on the peace negotiations yielding results. The omens, so far,



Mecoll()[];



Firm line on tough policy

banker says.

rise in total net profits in the

mented banking sector -

Fiscal tightening and consolidation of its sector dominate Central Bank thinking

continues to be committed to its tight monetary policy, aimed at keeping the lid on inflation, unofficially estimated at 6 to 7 per cent, increasing domestic savings and protecting the Jordanian dinar against "dollarisa-

While the strategy seems to have been successful, bankers say all-time high interest rates have affected investment and growth.

A senior Central Bank official concedes that economic growth has been affected but says that lack of demand for the dinar means there is no alternative to maintaining

The CBJ is determined to strengthen faith in the dinar after the crisis of 1989, which led to a 45 per cent devaluation of the currency - a memory still painfully pres-ent for most Jordanians.

in candidae

nend

Despite lending rates of around 13 - 16 per cent and deposit rates hovering imports (\$900m).

around 9 per cent, some 40 per cent of bank deposits -or about \$3bn - are still held in foreign currency.

Although growth in dollar deposits is not as strong as in recent years, hitting only 3.8 per cent in the first eight Jordan's Central Bank months of 1996, compared with the same period last year, growth in dinar deposits - 24 per cent - remains lower in comparison.

A 5 per cent margin between US dollar and dinar deposit rates is designed to discourage dollarisation. "Our policies are supposed

to be a guarantee to the investor and credibility is increasing." says the Central Bank governor, Mr Zyad Fariz. "But if they want to keep their dollars, let them pay the price."

At the same time, the CBJ is still struggling to build sufficient foreign reserves to comply with International Monetary Fund requirements. Whereas cash reserves this year (\$550m to \$600m) are worth two months of merchandise imports and are close to the 1996 IMF target, in the longrun Jordan needs to raise them to levels worth three months of merchandise

The CBJ monetary policy commercial banks with more does appear to have suc-ceeded in controlling credit To encourage To encourage mergers,

expansion - without regulaminimum capital requiretory limits since 1993 ments were raised from through its interest rate pol-JD5m to JD20m. The new icy. It projects that credit minimum was supposed to granted by banks should this be effective from the end of year be significantly lower than in 1995. In the first nine this year, but, in view of difficulties emerging for many months of 1996 bank lending banks, an extension until increased JD237m compared mid-1997 has been granted to with an increase of JD457m those already holding capital for the whole of last year. of JD15m and more.

High rates of 9.5 per cent Three of the smaller banks look unable to raise capital offered by the CBJ on certificates of deposits have dried to JD15m by the end of this up large amounts of Jordan's year and could consequently cash liquidity. "A lot of face penalties from the Cenbanks are seriously short of tral Bank. To avoid such a dinars, which has pushed up scenario, Philadelphia rates for months," a foreign Investment Bank is currently looking for a partner. Mainly responsible for a Similarly, Amman Invest-

to a takeover by Arab Bank. banking sector from JD100m in 1994 to JD122m last year So far, only one merger has materialised. The union were the larger commercial banks, such as Arab Bank of Jordan National Bank and and Housing Bank, which the Business Bank has cresaw profit increases of ated Jordan's third largest JD10m and JD4.5m respecbank. With capital of JD22m, tively. In contrast, smaller the new concern, which will investment banks generally stated flat profits or losses. the Jordan National Bank, Last year's chief objective will rank only behind Arab for the Central Bank was the Bank (JD44m) and Housing consolidation of the frag-Bank (JD25m).

ment Bank might soon agree

The Central Bank is also made up of 21 foreign and keen to develop private capi- Jordanian dinar".

tal markets by combining the still separated commercial and investment banking into comprehensive institu tions. Specialised credit institutions, such as Industrial Development Bank and Housing Bank, are to be integrated into the commercial banking sector. This should make them less dependent on external financing and subsidies.

In the longer term, another problem facing the CBJ, says Mr Fariz, is the possibility of a separate Palestinian currency. The subsequent pressure of the lemption process is expected to increase speculation against the Jordanian dinar: the Palestinian West Bank currently holds an estimated \$1.2bn in deposits, of which 42 per cent are in dinars nearly a third of overall dinar circulation.

As a defence against dinar redemption, a \$300m fund has been established by the CBJ. But, according to one banker, "economically, politically and practically the Palestinian currency does not pose an immediate threat as it will need some time to gain credibility and become an alternative to the

The first measures aimed

at encouraging foreign

investment were taken in

late 1995. And earlier this

year a new bylaw facilitating

foreign investment, an

tions were passed in an

effort to increase the

extremely low liquidity of

expected later this year

should provide further stim-

The response, however.

ing substantial happened,"

says Mr Mohamed Tash, gen-

eral manager of National

Securities, a subsidiary of

Jordan's Business Bank.

Apart from problems specific

to Jordan, Mr Tash blames

an ebb in the global cycle of

interest in emerging markets

However, the most impor-

for the lack of investments.

Few reservations about the future

Despite recent falls in bookings, international hoteliers remain confident

■ Tourism: by Alexandra Capelle

Lord Byron's pilgrim Childe Harold longed for the desert in order to forget the human

Today, he might find even the desert over crowded.

The contemporary traveller has difficulties in grasping the appeal places such as Petra had to last century's visitors, who found the rockcarved city remote, exotic and mysterious. Jordan's sites still capture

the imagination, but much of their mystery is now destroyed by loud tourist groups. In Petra, pedestrian and horse "traffic jams" block the narrow, channellike entrance called the Siq.

Despite government mea sures restricting daily visitors to 2,500 and high entrance fees, Jordan's main tourist attraction has been somewhat overrun in recent

Jordan's tourists have more than doubled in the past five years, following the end of the second Gulf War and the beginnings of the peace process.

There were a record 1.1m visitors last year and, after a long lull, the government and private investors are rushing to get their share of the profitable tourism cake. In 1995-1996 some 45 new hotels with 8,200 beds and a total capital investment of JD133m were approved by the government, adding to the current number of 156 hotels in the country.

The tourism sector, the country's third largest foreign currency earner after expatriate remittances and mineral exports, contributes an estimated 10 per cent to gross domestic product and brought in revenue of \$700m last year. It was expected to top the \$1hn mark this year.

But much depends on regional stability. Israel's bombardments of Lebanon in April, Jordan's bread riots neighbouring Iraq and the latest flare-up of Israeli-Palestinian violence last month have all affected tourism. According to hotel manag-

ers and tour operators the tant reform for the market is sector has suffered an estiyet to come. By the end of mated 40,000 hotel booking of 40 per cent in tours in the culate freely there is great last few months.

"Until March, we were doing very well and we expected 1996 to bring higher occupancy because of peace results," says Mr Chawki Ayoub, manager of the Inter Continental in Amman. "Usually October and November are very good months, but we have already had 125 cancellations."

Rare transulatity, on peak days, visitors to Petra can number 4,000 At an industry conference government has been unable

last month, the minister of tourism, Mr Saleh Irsheidat, said: "Tourism in Jordan has been declining in the past six months and there are no signs pointing to improvement for the rest of the year, largely due to political devel-opments in the Middle East." Royal Jordanian, the coun-

try's national carrier, has seen 26,000 seat cancellations for the September 1996 to May 1997 period. According to Dr Majdi Sabri, RJ's vice president for commercial affairs, the number of passengers from the US has plummeted by 50 per cent since the election of the hardline Likud government in Israel last May.

Not scared away as easily. however, are investors in the exploding number of hotel developments. Most of them expect political tensions to fade in the next two years in August, instability in and anticipate a peaceful, open region at some stage in the future, creating opportunities for cross-border regional tours from Syria down to Egypt.

"There is a good reason for people going into the hotel business in Jordan," says Mr potential."

The construction of new hotels poses a big challenge to the government in terms of infrastructure development. Electricity, waterpipes and phonelines have not yet found their way to areas such as the Dead Sea or the south beaches of Aqaba.

Mr Irsheidat gives the example of Petra, where the

to keep up with the pace of construction, and new hotels have been asked to provide their own water treatment plants. Inadequate support and complicated rules on acquiring land in new development areas such as Aqaba have fuelled criticism of the government in the private sector. Investors also complain about the lack of an aggressive promotion strategy to lure both tourists and investors. Nevertheless, projects such as the JD26m construction of a new 5 Star Deluxe Four Seasons hotel in Amman, to be completed in 1999, are going ahead.

The risk of the kingdom becoming "overhotelled" is generally played down. According to a feasibility study undertaken by the management consultants Arthur Andersen International for the Four Seasons project the doubling of 5 Star Deluxe hotel rooms in Amman by the year 2000 should stimulate overall demand, leading to increased differentiation between the budget sectors and the premium end of the market.

Provided the country's cess goes ahead and, more importantly, the peace process does not deteriorate any further, most investors can remain optimistic about the potential of Jordan's tourism sector to become the country's leading industry.
And optimism prevails. As

Dr. Sabri puts it: "As long as you have faiths on earth. people will come and visit the Holy Land."

The Stock Exchange: by Alexandra Capelle

Sure but silent revolution

The reforms needed to attract foreign capital are being made albeit quietly

The Amman Financial Market – Jordan's stock exchange - is having of up to 16 per cent have another disappointing year, crushing investors' hopes that last year's Middle East Economic summit in Jordan would fuel an equity investment boom.

reforms and new regulations, continued regional instability, record-high interest rates and shaken market confidence have put tremendous pressure on prices throughout the last nine months. However, the clouds could be lifting. The kingdom is increasing its determination to speed up market liberalisation following. International Monetary Fund adjustment guidelines

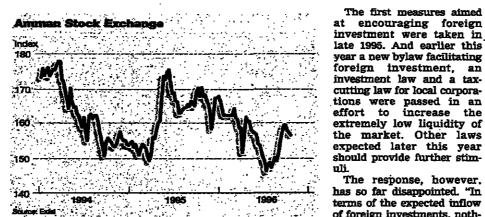
the package. The Amman Financial the Middle East, with a fore-cast of a mere \$25m in total annual foreign flows this year, compared with an estimated \$700m for Egypt.

186.8 in July 1996 and is currently hovering around the 146 mark. Annual turnover fell further from JD495m in 1994 to JD419m last year, with turnover for the last 10 months at JD170m, a drop of 52 per cent compared with

the same period last year. Record-high interest rates been holding the stock market hostage, squeezing liquidity as investors spurn shares for bank deposits, treasury bills and real estate. A significant rise in Late implementation of corporate profits, expected to increase by 28 per cent in 1996 according to the AFM. is mainly due to rising profits in construction, industry and mining, which are doing significantly better than other sectors.

A low free float of shares makes much needed foreign investments difficult, with attractive listed companies such as Arab Bank - responsible for a third of market capitalisation - having already reached the foreign of the stock market is part of ownership ceiling of 50 per cent. Other big success stories, such as Housing Bank, Market has been missing out Arab Potash Company and on foreign capital flows into Jordanian Phosphate Mines Company, have minimal free float capacities left.

"It means that foreigners are very restricted in terms of what they can buy," says The AFM general index Mr Angus Blair, head of Midfell from 159.2 at the close of dle East and North Africa 1995 to a three-year low of Markets at ING Barings.



sation - which would help increase capital flows, give a on the lists of foreign inves- markets:

Five leading privatisations munications Company and ise investment rules. the Jordan Electric Author-Currently, the government is inviting bids from foreign cement companies for a key holding in its Jordan Cement Factories Company.

But this year's figures show as yet little investment response to the govern-ment's efforts. Although Jordanian stocks are cheaper this year than last, with the months before foreign invesaverage price/earnings ratio

Export composition*

Mergers and faster privati- currently at 14.2, down from 16.5 last year, analysts say that corporate earnings are greater choice of available still lower and the market stocks and allow for bigger more expensive than many investments - are high up other competing emerging Critical to any growth will

be a much faster implemen-- among them the Telecom- tation of reforms to liberal-"People on the ground see

implementation this year. foreign investor's attention is diverted to neighbouring countries," says Mr Omar Masri, managing director of Atlas Investment Group. "A sort of silent revolution is taking place in Jordan in terms of the reforms - they are finally happening." Mr Masri forecasts that it

will take a good three to six tors recognise the changes.

state's grip over the exchange and to give faster and clearer presentation of company results as well as computerise trading activi-

ties, will be implemented. The government intends to separate the AFM into a watchdog "Securities Exchange Commission" and the privately run "Amman Stock Exchange".

Natural resources: by Alexandra Capelle

Support for 'backbone' of the economy

Toint ventures should guarantee the continued strength of the minerals industry

Jordan's minerals industry, the backbone of its economy, is set for steady expansion as new joint ventures, more added-value from downstream production and increased foreign interest develop it further.

Jordan's most important minerals - phosphates and potash - are largely respon-sible for the significant rise in the country's merchan-dise exports from \$1bn in 1993 to \$1.77bm in 1995 and for an estimated sectoral earnings growth of 44 per cent this year.

The two main forces of the industry - the Jordan Phosphate Mines Company (JPMC) and the Arab Potash Company (APC) - are trying hard to capitalise on expanding world demand. The two companies are involved in seven downstream projects as well as their own plant expansion programmes, which should raise combined annual upstream capacity to 12.1m tonnes by the end of

the millennium. JPMC is the world's second largest exporter of rock phosphates (after Morocco) with 4.2m tonnes. It expects a total revenue of \$340m to \$350m in 1996, compared

with \$323m last year. The company is not producing at its full 7m tonnes capacity but, according to JPMC's managing director. Mr Sameh Madani, growing interest for Jordan's environment-friendly phosphates from Western Europe could change that, with potential new annual orders of up to

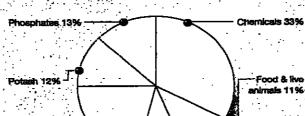
1.5m tonnes Earnings this year were boosted by a higher quantity of sales and the rock phos-phate price increase in 1995. However, despite continuously strong demand for the raw material, the company's strategy over the last years has been to strengthen its position by concentrating on

downstream activity.

"Due to the marketing situation, we realised that we couldn't continue as sellers of rock phosphates only, otherwise we would be vulnerable to any changes in the world market so we decided to go for diversification or downstream," Mr Madani

The company, which set up its own fertiliser complex in Aqaba in 1982, hopes to ensure steady growth by three downstream joint ven-

In December this year, construction for a 220,000 tonnes phosphoric acid plant will be completed by the Indo-Jordan Chemicals Company. The \$170m project will export exclusively to India.



A similar project is expec-ted to start production at the Nippon-Jordan Fertiliser Company by mid-1997. The \$80m compound fertiliser plant based near JPMC's Aqaba plant will reserve its 300,000 tonnes mixed fertil-iser production for the Japa-nese consortium, which owns 60 per cent of the ven-

equipment 21%

Source: DU

Not yet finalised is a joint venture project with Norsk Hydro of Norway, which intends to hold a majority stake in a 440,000-tonne phosphoric acid plant at Shidiyeh and a fertiliser plant at Aqaba. Investment costs are estimated to be \$400m.

Like JPMC, APC, is find-ing new strength. It increased its net profits to \$60m last year and raised output, sales and export earnings to record levels. In the first half of 1996, the company's revenue rose by 10 per cent and net profits by 14 per cent compared

with the same period in 1995. The positive results are late 1997. because of an 18 per cent rise in sales prices and a 10 per cent increase in sales volume, boosted in particular by fast growing Asian venture operations. demand. Jordan is the

world's sixth biggest potash producer, with the Asian

per cent of APC's total sales. APC, like JPMC a listed pan-Arab company with majority stakes owned by Jordan, has reached its current capacity maximum of 1.8m tonnes. Even though prices and sales are up, the end of 1996 should see the same results in net profits as last year because of the higher cost of fuel, electricity and labour.

market representing over 75

Apart from completing its second expansion stage. which will raise production capacity to more than 2.1m tonnes by 1999 in a \$160m investment, APC is busy preparing to build an industrial potash plant with a 100,000 tonnes-per-year capacity. Contracts for the \$9m plant were earlier this year awarded to Mannesmann and Messo of Germany. Production of the industrial and pharmaceutical exports should be up and running by

APC and JPMC, as part of the public shareholding company, Jordico, are furthermore involved in four joint Starting production this

Table Salt project, worth \$25m, with an annual capacity of 1.2m tonnes of industrial salt and 32,000 tonnes of table and water-softening

month is the Industrial and

The other three projects are: a \$90m Magnesium Oxide project producing an estimated 60,000 tonnes per year by early 1999; a potassium sulphate and di calcium phosphate project in Agaba with a capacity of 75,000 tonnes and estimated cost of \$80m; a bromine and derivatives project in a 50:50 joint venture with Israel. Details of the last project are still confidential, but it was decided that the \$80m-100m plant will be on the Jordanian side of the Dead Sea.

By contrast, projects in the oil and gas sector remain much more difficult to get off the ground. Negotiations on a pro-

posed \$2.5bn oil refinery in Aqaba were suspended last month, according to the Ministry of Energy and Mineral resources, as the Corporate Holdings of America (CHA) consortium, one of three interested parties and the first pre-qualified for the project, failed to fulfil obligations specified in a letter of intent last June. The plant, supposed to be built on a build-operate-transfer (BOT) basis, would have brought Jordan \$200m in annual roy-

Another large project is a joint venture liquefied natu-ral gas deal involving an Israeli consortium, Near East Energy of Jordan and Enron Corporation of the US, which has rights to

exploit Qatari gas reserves. The \$300m project remains extremely tentative, however, largely because of geopolitical sensitivities.

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MANAGEMENT

The snag about manage ment books, from the author's point of view, is that there are so many of the damned things around. To stand out on the bookstall you need a snappy title and an accessible theme. Perhaps most of all. the publisher needs to convey a sense of threat to the passer-by which can be dispelled only by buying the book.

On these criteria alone, The Witch Doctors deserves success Its pitch is deftly laid out in the subtitle: "What the management gurus are saying, why it matters and how to make sense of it."

Management theorists, the preamble tells us, are today's version of Shelley's poetic "un-acknowledged legislators". Not only do they lay down the law, but they have the power to mess around with our lives. Only through studying their methods can we deflect their sinister force.

The reality of the book is a little different. John Micklethwait and Adrian Wooldridge have indeed studied the gurus, and tedious work they must have found it. But as experienced journalists - both from The Economist - they know better than to recreate the experience for their readers. Nor, indeed, do they insist on their thesis beyond the opening pages. The growing power of gurus and consultants. they concede, is mainly a response to events. The real culprit is change and uncertainty in the wider world.

Thus, only a few chapters are devoted to the gurus themselves. At the outset come the heavyweights: Peter Drucker, described as the one management theorist who is required reading for every educated person; and Tom Peters, whom the authors regard as flaky but interesting.

Towards the end comes a chapter on the lightweights, among whom it is good to see Edward De Bono and the Tofflers, along with smaller fry such as Laurie Beth Jones, author of the ineffably titled Jesus CEO. In between, The Witch Doctors is - well -

another book on management. As such, it is not bad at all. In their review of management theory, the authors start with an observation of Drucker's: that at the heart of the modern corporation lie the twin principles of

uncertainty and knowledge. Uncertainty, in this view, is the central problem: the fact that in changing times no corporate structure or business theory will hold good for long. Knowledge, on the other hand, is the answer, since the only lasting asset in uncertain times is intellectual



Tony Jackson on The Witch Doctors, an attempt to make sense of the changing fashions in gurus

Hocus focus

second theme: that management theory consists of an uneasy equilibrium between two conflicting schools, the hard and the The first is Taylorism, which says production is a mas-ter plan for use by idiots. The second might be termed Toyotaism, which says efficiency comes from liberating the minds of the

Because of this, the authors argue, management theorists keep sending out conflicting messages. Companies are told to be "flexible" – that is, sack people and to win their employees' trust. They are urged to focus on quality, and also on speed. They must have a vision, and they must be ready to change direction at a moment's notice.

On balance, the authors are softies. They have little time for re-engineering, one of the most reviled management innovations in recent years, describing it as an attempt "to adapt Taylorism to the age of the computer".

Besides, they say, reengineering concentrates on how a company produces, not what. It can be a prescription for making the wrong things perfectly.

More generally, the authors come across as mild sceptics: addressed. This examines the and packing £1.50 in Europe)

Running parallel to this is a which given their reading habits, is probably the key to sanity. Talk of upheavals in work practices, for instance, is largely dismissed. "The most horrifying thing about the future of work may be just how similar it will

> Globalisation, at least in the old-fashioned sense, is shrugged off as a myth. It is simply not true, they say, that the same products can be sold anywhere. As for making them anywhere, tell that to the film studios which try to emulate Hollywood.

> On the stakeholder/shareholder debate, they point out - justly that it has been somewhat overtaken by events. It is no longer true that the Japanese or German models of corporate control perform better. When it comes to creating high-tech industries, nasty old shareholder America is miles ahead. Conversely, looking at the grosser examples of boardroom opulence in America, it may be that shareholder power has not been taken far

Most of this represents the authors' own view of life, as opposed to that of the gurus. But there is one chapter in which the opening thesis is forcefully remalign influence of management theory on the public sector, in the US and UK in particular. It is easy to see why public servants, on both left and right,

should embrace the gurus. Public service has fallen in general esteem, and stealing management's clothes is an attempt to win it back. Besides, managers supposed to be cost-cutters and there is never enough in public-sector budgets to go round.

But as the book points out, customers and citizens are different things. We may be customers of state-run railways and gas companies: but not when we pay taxes or are conscripted into the army. Besides, the public sector is by its nature slow-moving. It therefore risks being landed with the exploded five-year-old theories of the private sector.

Indeed, five years is a long time in management. There is nothing deader than an old guru's view of the future. But that, doubtless, is all part of the authors' plan: five years on, look for Witch Doctors: The Next Generation.

The Witch Doctors is available from FT Bookshop by ringing +44 181 964 1251 or fax credit card details to +44 181 964 1254 (post

TECHNOLOGY

Motorists get a breath of fresh air

Frances Barthorpe on the manufacturers' response to increasing demand for air conditioning in cars

getting caught in a traffic jam with the sun beating cool. In such situations it is not only tempers that rise. As cars sit idling on the tarmac, the hence pollution, go up, leaving motorists with the choice of winding the window down and breathing in pollution, or sweltering with the window

With temperatures predicted to rise by between 1°C and 3.5°C during the 21st century, things are unlikely to improve. No wonder demand for air conditioning in cars is increasing.

McGraw-Hill for Ford revealed nearly that a third of all UK respondents would consider air conditioning when choosing their next vehicle. The figure for German respondents was iearer 60 per cent

By the end of the century, it is predicted, nearly half of new cars being produced each year in Europe – or about 7.1m cars will have air conditioning. compared with just 3.16m in

conditioning was first introduced in North America 56 years ago, design and development costs of the components have come down considerably. Mass production combined with the development of more compact, cheaper units or the smaller-capacity engines in European cars allowing air conditioning to be fitted in a much greater range of cars.

Increased volume is a big actor when it comes to cutting costs, says Larry Campbell, Ford's climate control subsystems manager for small and medium-sized cars at its factory in Cadez, France. or 10 years ago the air conditioning installation rate in cars was about 3 per cent. Now volumes are much higher, manufacturing

costs are dropping."

The heart of an air conditioning system is the compressor. Ford uses a variable scroll" type which, it says, combines excellent noise, vibration and harshne characteristics with durability. According to Ford it also minimises the effects of air conditioning on fuel economy. and eliminates the clutch surge often experienced in small cars.

Koen Devitz, responsible for marketing at Delphi Harrison Thermal Systems, says the main developments in the future will be on the compressor side. "The target will be smaller cars, like the Astra and the VW Golf. So the compressors will need to be more compact, providing better fuel economy, and ease of operation," says Devitz.

Canadian-based REG Technology is developing an automotive air conditioning compressor based on its patented Rand Cam rotary engine design. The new positive displacement compressor is half the size of the units now used and provides up to 20 per cent more cooling capacity.

Another area of development will be more sophisticated filters, cutting out dust, pollen and other particulates t improve the quality of the interior air. But better sensor: are needed to achieve this.

In July this year Warwick University was selected to coordinate an Eculm Europe-wide project, designing hightechnology sensors to help monitor both the level of air pollution generated by vehicles and the air quality in the driver's cabin.

Julian Gardner from the university's engineering department will lead the project, which includes Fiat; VDO, the German car sensor component company: and universities in Germany, Sweden and Switzerland.

Warwick will be developing a version of its "electronic nose" sensors comprising conducting polymers and semiconducting oxides. The ultra-low power sensors will be

capable of using the normal car power supply. Fiat expects to have the prototype sensors installed in 1m cars by the end of the decade.

According to Devitz. "multi-zoning" will also be appearing in top-of-the-range cars within the next 10 years. This will enable one side of the car to be kept at a temperature of, say, 22°C and the other side at 25°C," says Devitz. Two other developments are

likely. The first is in the area of automatic temperature control. Today 40 per cent of factory-fitted air conditioning systems use manually adjusted thermostatic controls. But over the next few years ATC is expected to become more widely available.

The second development is likely to be in alternative refrigerants. Two years ago, because of environmental concerns over the use of chlorofluorocarbons (CFCs), the R12 refrigerant used in air conditioning systems was replaced by the more expensive CFC-free R134A. Although less harmful than R12 it has also been proposed that this should be banned by 2030. So the search is on for other alternatives.

In July, US-based Technical Chemical Company launched its alternative to R12, Johnsen's Freeze 12, "It requires no expensive vehicle conversion and is much lighter and less costly than R12," says Larry Easterlin, TCC's vice-president of sales and marketing. In the UK, Normalair-Garrett

announced recently that it had devised the world's first air conditioning system for trains using air-cycle refrigerant technology. This uses air as a refrigerant instead of chemical refrigerants.

A number of studies have been carried out on the feasibility of applying similar technology in the automotive industry.

Frances Barthorpe writes for Professional Engineering

TRANSNET

INVEST IN CAPITAL MARKET BONDS

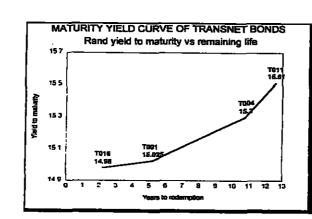
INTRODUCING T011 - AN EXCITING NEW INSTRUMENT

Transnet Limited is one of the world's largest transport conglomerates; as such, it plays a vital role in the economy of South Africa. It is a thriving multi-modal transport company built on the principles of excellence. Transnet is worth R40 239 million (£ 6616 million) in total operating assets and has a workforce of 114 000 employees.

The capital intensive nature of the business Transnet operates, as well as sheer size of the operation, necessitates a sophisticated approach to the financing of the business. This function is executed by the centralised Treasury division with the mandate to raise the funds needed by all divisions and subsidiaries of

Transnet's borrowing rationale is centred around upgrading and expansion of its infrastructure and asset base. It does this with regard to the returns which can be generated from its investments and with regard to the economic consequences for both Transnet and South Africa. As managers of the financial risks of Transnet, one of the functions of Treasury is to ensure that the maturity of fixed assets and liabilities of Transnet will closely coincide. As such, Treasury is tasked with maintaining a wide spectrum of funding instruments suitable to the needs of the operating divisions of Transnet and therefore the need for new bonds arise from time to time.

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T004	01 Apr 2008	7.5%	4100

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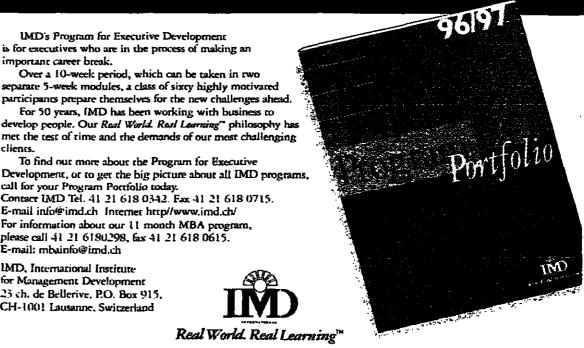
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than bring

hese are tense days for the UK's arts sponsorship industry. Unless some last minute lobbying bears fruit, the Budget on November 26 is likely to include among its smallest print another £500,000 cut in the government's contribution to the Pairing Scheme, which has proved such a great stimulant in persuading business to sponsor the arts.

Last year the grant was cut by £500,000, to £5m with a similar reduction earmarked for 1997-98. For the Association for Business Spousorship of the Arts, which administers the scheme, such a reduction would be disastrous. Director Colin Tweedy is contemplating closing down a regional office, probably Wales,

However, Tweedy is hopeful that the success of the scheme will cause a last minute change of heart by Virginia Bottomley, the heritage secretary.

if the funds are cut.

Sponsorship/Antony Thorncroft

The need to keep good company

gains in pride and prestige. This

is certainly the case with Mid-

This is the most important

In its 11 years it has encour- the UK has held up well, despite arts company for three years at prize for budding young profesthe arts, and last year's re-jigging of the guidelines, designed to persuade companies to commit for longer and to stress access to the arts, has revitalised the operation.

This year four sponsors -Toshiba at the ICA; Visa with the London Film Festival; RJB Mines with the National Coal Mining Museum; and Mastercard with National Music Day - all attracted the new, increased, £75,000 top up, thanks to their own commitment of £150,000, or more, to the cause. If the grant is cut the substantial £75,000 incentive will probably be reduced. To date, arts sponsorship in On average they will support an

aged business to give £97m to the pressure on companies from arts organisations to help them with the partnership funds needed to secure Lottery money. When the sponsorship total for 1995-96 is announced shortly it could even show a slight rise on the record £82m of the previ-

> tant to bow to the government's wishes and assume the role of major partnership funder of Lottery projects. As the changes in the Pairing Scheme acknowledged, the prob-lem with sponsors is that they

Companies are obviously reluc-

are inclined to be short-termist,

ness, palls.

sional musicians in the UK (the most and then become bored: the BBC Young Musician, sponsored novelty, and the newsworthiby Lloyds, seeks to uncover solo-It does not have to be this way. ists) and most of the winners A long term commitment can now lead orchestral sections: five bring great rewards, most obviare prominent in the LSO itself. ously to the arts organisation The 1997 competition is seeking but also to the sponsor who a woodwind player and 350

chester. Newcastle. Glasgow and

land Bank, which has just celeeven if only one takes the brated 25 years supporting the scholarship. Proms at the Royal Opera House The programme costs Shell with eight cut-price performances of Wagner's The Ring, £130,000, and to celebrate the anniversary it is once again ending tomorrow night, and sponsoring the LSO's only UK with Shell, which is embarking tour, from December 2, with conon its 21st year of backing the certs under new principal con-Shell-LSO Music Scholarship. ductor Str Colin Davis in Man-

Aberdeen. The tour will cost Shell £200,000. Next year there will be two additional concerts to promote previous past scholarship winners, which will add another £150,000. Fortunately, Shell seems eternally wedded to the scholarship, which has attracted 5,000 young musicians under 21s will get the chance of since 1976. working with LSO professionals

Over the last week young people have been able to make up their minds about Covent Garden's new(ish) Ring for £15 as against the £132 price of a ticket for a good front seat - thanks to the Midlands Proms. Over the 25 years of the sponsorship, the Midland has pumped £3.5m into the Opera House Proms, creating the audience of the future.

Research suggests that 37 per cent of those attending have never visited the ROH before and just over a half are under 30.

Arts companies should never despair: there are always new companies discovering the attractions of sponsorship, or

extending their commitments. Selfridges has got involved for the first time, pledging £50,000 towards the Serpentine Gallery over the next three years, while planning initiatives in other arts sectors. As is so often the case, the arrival of a new managing director, Vittorio Radice from community conscious Habitat sealed the deal.

In return for backing shows at the Serpentine, including the recent Richard Wilson exhibition, and the first when the Serpentine re-opens late next year after its facelift, he wants to bring more art into the store. The Serpentine will advise on this, and on window displays.

Theatre/David Benedict

'Buried Treasure'

urning down a church may not appear on the official list of the Seven Deadly Sins but as far as Robert, the local vicar is concerned, it probably weighs in at Number 8. In David Ashton's whimsical Buried Treasure, the people of a remote Scottish seaside town have narrow views and long memories and when longlost son and former arsonist, Frank McCoig, returns, they aren't about to forgive and forget.

Not that he appears to give a toss. In addition to riling the townsfolk and Linda, his former lover, by his mere presence, he's intent on taking up where he left off, running a disco in the local dance-hall.

The promise of Saturday night shenanigans isn't exactly manna from heaven to the outraged townsfolk, nor their vicar, particularly since, off-duty, he's Linda's husband. In the midst of this collision between past and present. Frank remains undeterred. Like Charlie in Chris Hannan's excellent Shining Souls at the Traverse earlier this year, be's looking for his soul.

Passions may be running high, but Ashton pursues his goal beneath a light, comic surface. story, the predominantly comic mood effortlessly suggested through oblique, picturesque characterisation. The tone is well set up in the slightly drifting first half, with Collette O'Neil in fine fettle as the feisty, marvellously suggestive Sadie, an elderly woman who has set up home in

"It's a pity the flames didn't claim Frank's abandoned hall, dispension. Still, there's abandoned hall, dispensing succour and sharp retorts as ing succour and sharp retorts as the fancy takes her. Problems set in with the second half as events take over and the plotting begins to run ahead of the writing.

The disco turns into a disaster and revelations come thick and fast. We're unprepared for the sudden pitch into melodrama as lust and sins of the father are laid bare and loose ends are tied up in a rush of activity. Ashton abandons his sardonic tone and opts instead for full-throttle confrontation. Robert loses his rag and, in an ecstasy of loathing, reveals what really happened the might Frank set the church on fire. But Frank's immediate understanding of his recaptured memories and their implication is too swift and simplistic.

Robin Lefevre's Bush Theatre production boasts neat performances. Alexander Morton lends feckless Frank a shabby but oddly touching quality and Jennifer Black copes well as the underwritten Linda, a woman forced to make the best of a bad job but stung into life by the reappear-ance of her childhood sweetheart. Standing on the pier of Tanya McCullin's atmospheric set, they reminisce about illicit activities a room away from an ever-present father, "Thank God he loved his Mantovani records." Even they The play feels more like a short cannot redeem the final scene of romantic hope against adversity but at its best the play, however slight, shows Ashton unafraid to raid with appealing and unfashionable warmth.

Lyric Studio, Hammersmith until November 16 (0181-741



Collette O'Neil, Alexander Morton and Anthony J O'Donnell in Buried Treasure'

Linehan brings hope and joy to 'Happy Days

its sheerest essence. We observe the gradual extinction of a body; of a mind; of

language. We also observe the remnants of a marriage, a marriage in which we hardly know which Dublin's Gate Theatre (it was counts for more: the impeneirable and separate solitudes of woman and man, or their mutual dependence. Do they need each other, or to be quit of each other? Are they happy to live, or do they long for death?

The play shows contradictory and ambiguous impulses. Bleak though this is, Happy Days is life-enhancing, and, by the way,

il elle

deeply funny. There is no play of the twenti-

n Samuel Beckett's *Happy* eth century I find more marvel- ual instinct is among the last to lous. During the 1990s, I have vanish (in Willie) is among its Days, drama is stripped to lous. During the 1990s, I have seen it in three different productions; I love it more each time: and this production - directed by Karel Reisz; featuring Rosaleen Linehan as Winnie; reaching the Almeida Theatre last night from also shown in New York in August) - is the best I have seen. It makes the play seem brighter

and larger than ever. Winnie, middle-aged, is buried, in Part One, up to her waist in scorched earth, under a burning sun; in Part Two, up to her neck. Willie, who seldom appears, turns out to be older, and baldpated. The ageing nipple, wed to the aged penis? Certainly the way the play shows that the sex-

most marvellous jokes. Bells pierce the air now and then; and we know that, on one level, Winnie and Willie are ending their days in some kind of institution. But Willie seldom gives voice; whereas Winnie talks, talks, talks. His hearing is failing; so is his ability to communicate; so is her memory; and she knows the day approaches when words fail too. "Why then just close the eyes - and wait for the day to come - the happy day to come when flesh melts at so many degrees and the night of the moon has so many hundred hours." And it is in her great

Much of the time we know she had realised before Reisz's treis merely looking on the bright side ("That is what I find so marvellous") where there is none;

but not always. For her very resurgence is brightness enough, and so too is her preparedness for death. Yet Beckett also injects the play how much I have never understood until this production with moments of bitterness, doubt, alarm, and scorn. When Willie makes his final appearance, crawling up the mound towards her, she is dismissive. shocked, tender, curious. "Is it me you're after . . . or is it something else?" Beside her,

indeed, is a revolver. There is much more plot to this play, though buried deep, than I

mendous production.

Tim Hatley, designing, has turned Winnie's scorched mound into an earthy promontory: the result is thrilling. And Linehan, even though one may question individual decisions about linereadings, carries the evening.

A superb account of a supreme play. Comedy and pathos, existential grandeur and satiric pettiness, hope and despair, pour from her in a steady stream, perfectly

Alastair Macaulay

Almeida Theatre, London N1, until November 9 (0171-359

Concerts/Andrew Clark Orchestral contrasts

ne of the rewards of living in London is the chance to compare. week after week, the qualities and playing styles of all the foreign orchestras who seem to queue up to play here.

Such an opportunity arose on consecutive evenings this week. The two orchestras were the Danish National Radio Symphony and the Czech Philharmonic neither a huge box-office draw on their own, but each with a tradition of championing their countrymen's music on British soil. The attraction, therefore, was not so much the Beethoven concertos which lay at the heart of each programme - fascinating as these performances were, with highly esteemed and idiosyncratic soloists - but the music of

their own national schools. And no national school has been better preserved than the Czechs'. Notwithstanding the long-running problems which have left it without a chief conductor in its centenary year, the Czech Philharmonic sounded in excellent shape on Tuesday night at the Royal Festival Hall. Its performances of Dvořák's Seventh Symphony and Janáček's Taras Bulba had all the qualities that make a Czech orchestra playing Czech music such a pleasure.

It is not just the unmistakeably Bohemian character of each section, the dancing violins, the warmth of the lower strings, the euphonious glow of the horns, the idiomatic songfulness of the this orchestra is the way all these ualities find their context in harmonious whole.

programme. There was nothing obtrusive in any of the detail, and yet each phrase and para-graph yielded a defining charac-teristic: the lyrical fluency with which flutes and strings announced the opening movement's second theme, the unmannered voicing of instrumental parts in the Poco adagio, the sense of proportion in the spring to the phrasing which only a native of Prague could get away with. That none of this appeared to have been superim-posed by the conductor is a tribute to Libor Pešek and his under standing of the orchestra's (and the music's) innate qualities. phrasing at the start of the slow

ideal warmth and symphonic thrust, and his Janáček was hugely imposing. With its complex rhythms and tempo changes, Taras Bulba is hard to pull off: this performance combined seamlessness, spareness and majesty. The encore was Oskar Nedbal's Valse triste, a Bohemian bonbon which Pesek treated with Beechamesque flair.

At the Barbican the previous evening, the Danish National Radio Symphony Orchestra did not have the benefit of a Danish conductor - nor, judging by its performances of symphonies by Bent Sorensen (b.1958) and Nielsen, does it have a distinctive personality. Its music director, Ulf Schirmer, unfolded Sorensen's Symphony with German efficiency and brought a calculated logic to the second movement fugues of Nielsen's Fifth. But the playing was no more

his is a sad indictment of an orchestra which did so much to establish Nielsen's name in this country before the CD age (through its pioneering performance of the Fifth Symphony at the 1950 Edinburgh Festival and a Nielsen cycle in London in the late 1960s). At Monday's concert, the Fifth sounded depressingly matter-of-fact. Schirmer ironed out all sense of mystery from the first movement - noisy air-conditioning didn't help - and turned the great crescendo into a parody woodwinds; what distinguishes of expressionist battle music. Nor was there much joyous impulse in the second movement.

The DNRSO can take credit for This was particularly true of bringing a work by a living comthe Dvořák, which opened the poser, but Sorensen's 22-minute Symphony turned out to be neither Scandinavian nor properly symphonic. After a few pages of Sibelian desolation, it emerged as a medley of styles, filtered through an interminable wash of glissandos. The Danes accompanied Joshua Bell in a gorgeoussounding account of the Beethoven Violin Concerto - so gorgeous, in fact, that the music lost scherzo, the cheeky little ritarall momentum under the weight dandos in the finale, giving a of Bell's poetic self-absorption. all momentum under the weight The Czechs provided solid sup-port for Mikhail Pletnev in the First Piano Concerto: no rhetoric, no showmanship, but insouciant control, crystalline evenness and a personal stamp on every

The Czech Philharmonic's sec-Apart from some charmless ond Festival Hall concert, organised by the Royal Philbarmonic Society, is tomorrow.



AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-6718345 Nederlands Philharmonisch Orkest: with conductor Hartmut Haenchen and pianist Markus Groh perform works by R. Strauss and R. Schumann; 8.15pm; Nov 3, 4, 5

EXHIBITIÓN Stedelijk Museum Tel: 31-20-5732911 Mouton Rothschild: exhibition

featuring "cases" of Château Mouton Rotschild, with designs by Braque, Moore, Alechinsky. Miró, Chagall, Picasso, Warhol, Kirkeby, Baselitz and Bacon; from Nov 2 to Dec 8

OPERA Het Muziektheater Tel: 31-20-5518117 L'Orieo: by Monteverdi. Conducted by Stephen Stubbs, performed by the Tragicomedia & Concerto Palatino and the Vocazi Ensemble. Soloists include John

Mark Ainsley, Juanita Lascarro and Brigitte Balleys; 8pm; Nov

■ BARCELONA EXHIBITION :

Museu Nacional d'Art de

Catakanya Tel: 34-3-4237199 The Spiendour of Baroque Painting: exhibition featuring 56 works from the museum's collection, allowing the public to follow the evolution of the different styles of the 16th, 17th and 18th centuries, from Mannerism to Rococo, Artists represented include Tintoretto, El Greco, Rubens, Tiepolo, Fragonard, Ribalta, Ribera, Velázquez, Zurbarán and Viladomat, to Nov 15

BASEL

ART & ANTIQUE FAIR Messe Basel Tel: 41-61-6862020 ● TEFAF Basel 96: 125 dealers from 12 countries are represented at the second edition of this international art and antique fair which features paintings, drawings, prints, books and other art objects from the classical antiquity to the present; to Nov 3

■ BERLIN

CONCERT Konzerthaus Tel: 49-30-203090 Rundfunk-Sinfonleorchester Berlin: with conductor Lawrence Foster and planist Elena Baschkirowa perform works by Haydn, Bartók and Enescu; 8pm;

Deutsche Oper Berlin Tel:

49-30-3438401 ● Beatrice di Tenda: by Bellini. Conducted by Marcello Viotti, performed by the Deutsche Oper Berlin. Soloists include Vladimir Chemov, Lucia Aliberti and Octavio Arevalo; 6.30pm; Nov 3

monologues that the human

spirit becomes most luminous.

■ BILBAO EXHIBITION

Museo de Belias Artes Tel: 34-4-4419536 Anglada Camarasa. Sus ambientes: exhibition featuring 450 works by Anglada Camarasa. the majority of which come from the artist's collection; to Nov 3

BRUSSELS EXHIBITION

Musée d'Art Moderne Tel: 32-2-5083211 Het Legaat Irène Scutenaire-Hamoir. Van Magritte

tot Magritte: exhibition of the entire collection of the late Irene Hamoir-Scutenaire. The collection, which was bequeated to the museum in 1994, features 292 works by Surrealist artists such as Mariën, Mesens, Eemans, Graverol, Simon and Magritte. The latter artist is represented by 107 works, including 23 paintings; to

■ COLOGNE CONCERT

Kölner Philharmonle Tel: 49-221-2040820 Orchestra of St John's Smith Square: with conductor John Lubbock and planist André Watts

perform works by Prokoflev, Beethoven, Mendelssohn and Haydn; 8pm; Nov 4

■ DUBLIN EXHIBITION

National Gallery of Ireland Tel: 353-1-6615133 William J. Leech (1881-1968), an Irish painter abroad: a

retrospective exhibition of works by William J. Leech. It brings together over 100 works and explores the artist's drawings, watercolours and paintings, the majority of which are in private hands and little known; to Dec 15

■ LONDON CONCERT

Barbican Hall Tel:

44-171-6384141 Koninklijk Concertgebouw Webster, 4pm; Nov 2 Orkest: with conductor John Eliot Gardiner and mezzo-soprano Anne Sofie von Otter perform works by Weber, Berlioz and Schubert; 3.30pm; Nov 3 Royal Festival Hall Tel: 44-171-9604242 Philharmonia Orchestra: with conductor Leonard Slatkin, mezzosoprano Catherine Wyn-Rogers, tenor Justin Lavender, bass Anthony Michaels-Moore and the

DANCE

7.30pm; Nov 3

Peacock Theatre Tel: 44-171-314-8800 Perfumes de Tango: this show choreographed by Miguel Angel

Philharmonia Chorus perform

Elgar's The Dream of Gerontius;

Zotto and Milena Plebs and performed by the tango company Tango por Dos opens the newly refurbished Peacock Theatre (formerly the Royalty Theatre), Sadler's Wells' temporary home;

8pm, Sat also 3pm; to Nov 2

OPERA

London Coliseum Tel: 44-171-8360111 Rigoletto: by Verdi. Conducted by Noel Davies, performed by the English National Opera. Soloists include Peter Sidhom, Janice

Watson and Jean Rigby; 7.30pm; Nov 2. 5 Royal Opera House - Covent. Garden Tel: 44-171-2129234 Götterdämmerung: by Wagner. Conducted by Bernard Haitink and performed by the Royal Opera. Soloists include Vivian Tierney, Ann Murray and Gillian

MUNICH

OPERA Nationaltheater Tel: 49-89-21851920 Der fliegende Holländer: by Wagner. Conducted by Peter Schneider, performed by the Bayerische Staatsoper. Soloists include Luana DeVol, Marita Knobel, Jaakko Ryhänen and Peter Strake: 7.30pm; Nov 3

■ NEW YORK

CONCERT Alice Tully Hall Tel: 1-212-875-5050 American Symphony Orchestra: with conductor Leon Botstein, planist Stephen

Montague and the Yale Glee Club perform works by Ives, Ruggles and Cowell; 8pm; Nov 2

movement, Pešek's reading had

OPERA Metropolitan Opera House Tel: 1-212-362-6000

 La Traviata: by Verdi. Conducted by Maurizio Barbacini, performed by the Metropolitan Opera. Soloists include Arteta, Giordani and Frontali; 1.30pm; Nov 2, 5 (8pm)

■ PARIS

CONCERT

Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50 Acis and Galatea: by Handel Concert performance, conducted by William Christie and performed by Les Arts Florissants. Soloists include Sophie Daneman, Paul Agnew and Alan Ewing; 7.30pm; Nov 5

■ VIENNA CONCERT

Konzerthaus Tel: 43-1-7121211 David Alberman and Rolf Hind: the violinist and pianist perform works by Reich, Dun, Scelsi and Hosokawa. Part of the festival Wien Modern; 7,30pm; Nov 3

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COMMENT & ANALYSIS



Philip Stephens

Victory for vision

For all his failings, Bill Clinton offers US voters a better alternative to the atomised society of the new right

When Bill Clinton raises his myth that the former Senate leader was the last honglass next week, the first toast will be to Newt Gingest man in Washington. His rich: the second to Alan choice of Jack Kemp as run-Greenspan, Never mind that ning mate was an ill-judged they are Republicans. That reminder of the price the nation has paid in increas-ing budget deficits for Ronis the secret of Mr Clinton's success. The president takes help from wherever it ald Reagan's tax cuts. The comes. From this, many voters have signalled they have concluded his impendwill not fall for the same ing re-election hardly mattrick twice. ters. They are mistaken. But the real losers have

Mr Clinton will be the been the Republican revolufirst Democrat to win two tionaries who swept the consecutive terms since Congress in 1994. Mr Ging-Franklin Roosevelt took a rich was their messiah. Remember Newt? A year or House in 1933. So what, the so ago, the speaker of the cynics say. His politics are House of Representatives not radically different from promised to remake the those of Bob Dole. The story political landscape. An of how Mr Clinton has immodest man, this high filched conservative policies priest of market economics to reinvent his presidency and moral authoritarianism has been written a thousand told us he would "shift the planet". Admirers of his 10-This version of events is point Contract with Amer-

ica spoke as if Moses had both true and misleading. Hard though it may be to revisited Mount Sinai. celebrate his personal suc-The absurdity of Mr Gingrich gave Mr Clinton the cess, Mr Clinton's victory will count. His enemies are space he needed to recast not alone in their doubts the politics of the Demoabout the president's charcratic party after two disasacter and the ethics of his trous years. This president administration. He is as takes his chances. He made flawed as he is engaging tough choices (some good; But it is an error to undersome, as on welfare reform. estimate the voters' repudiabad). He abandoned his partion of the Republican alterty's liberals and collabonative. This time Mr Clinrated with a Republican ton has come out on top in Congress. The White House the battle of ideas. strategists called it "trian-

In an era of economic gulation". It worked. insecurity and social frac-The president had ture, moderation has triumphed over extremism, luck on his side. morality over the moral majority. The electorate is He entered the suspicious of the state. But on balance it has concluded White House at that the centrifugal forces in American society just the right demand a counterweight. Big government no, but moment in the enabling government ves. Mr Dole has played a economic cycle. walk-on part in Mr Clinton's victory. His fumbling cam-But he also had paign, his ties to the tobacco industry (who else

still doubts nicotine is

addictive?) and his U-turns

on tax and affirmative

action have exploded the

Mr Greenspan

could close down the gov-ernment. Instead, Mr Clinton closed down the Republican revolution. Now, the only people prepared to give the Speaker television airtime are the Democrats. He is their best advertisement. If they win back the House of Representatives next week (a 50:50 bet), Mr Gingrich is destined for permanent obscurity.

For all the tacking, Mr Clinton has stuck with his party's core values. Except on welfare reform, he has appealed to tolerance and decency against the far right's scapegoating of immigrants and minorities. He cut taxes for the poor through the earned-income tax credit. He will win California in spite of his refusal to back that state's assault. on the weak. His ambitious plans for healthcare reform fell victim to the (erroneous) charge that it would nationalise medicine. But he has kept faith with the analysis that America needs to widen access to health-

What really counts, though, is that Mr Clinton has won the argument for affirmative government. The alternative is an atomised society. In his favourite phrase, the task of politicians is to give people tools to make the most of their lives. Government can serve the people. It may seem obvious, but this will now become the leitmotif for parties of the centre-left across

the industrialised world. For his second achievement, Mr Clinton's debt is to Mr Greenspan, the septuagenarian chairman of the Federal Reserve. The voters have been prepared to listen to the president, to ignore his flaws because of the performance of the economy. His administration has seen four years of uninterrupted growth, subdued inflation, the creation of more than 10m new jobs and the lowest budget deficit for

Mr Gingrich thought he more than a decade. The president had luck on his side. He entered the White House at just the right moment in the economic cycle. But he also

had Mr Greenspan. It was the Fed chairman who persuaded Mr Clinton that the economic reward of a lower budget deficit would outweigh the political cost of tax increases for the middle classes. The president's shrewd faith in Mr Greenspan has been rewarded with an interest rate policy skilfully calibrated to sus tain rising output.

Mr Clinton's success has wider significance. It defies the reflex that says that the centre-left is irredeemably irresponsible when it comes to economic management. In tackling the deficit, a Democrat president has made a start on clearing up a mess left by Republicans. And he has reaped the rewards. Britain's Tony Blair might take note.

None of this provides

guarantees for the next four years. History tells us that US presidents are usually less effective in their second terms. Mr Clinton has yet to provide an honest explanation of the ethical lapses of his administration. The pressures here are likely to get stronger rather than weaker. He has identified the big challenges facing America, but he has come up with some pretty small answers. A \$500 per child tax credit, tougher gun control, and more rigorous standards in schools are worthwhile ambitions. They are hardly a substitute for the boldness and risk-taking which stood behind Roose velt's greatness.

It is here we come to the central paradox behind the Clinton presidency. He is not an uplifting nor a particularly honest politician But he is a powerful shield against the truly selfish society. The battles he has won are far more important

LETTERS TO THE EDITOR.

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Trade pact is committed to liberalisation

From Mr Rubens Antonio

Sir, I read with interest your editorial entitled "Trade blocs" (October 24). as well as the articles related to Mercosul that have appeared in your newspaper

As Brazil is currently holding the pro tempore presidency of Mercosul, I feel it would be appropriate to point out that the editorial was too hasty in accepting the conclusions of an unoffi-cial internal study written by a World Bank economist. This study contains inaccurate information and statistics dating from 1994, which apparently question Mercosul's real benefits for its member countries and external trading partners and seems to imply a danger to trade liberalisation, not taking into account that the customs union came into being only in January 1995

following a transition period. It is puzzling to speak of economic inefficiencies within Mercosul when exports of a wide range of highly competitive goods from Brazil and partners have restricted access to developed areas where trade barriers are raised in order to protect inefficient indus-

It is altogether incorrect to suggest the existence of high

tariffs or barriers to commerce with non-member countries when the average Mercosul common external tariff has been substantially reduced in the past five years and is currently at 11.1

per cent, equal to Chile's. It is also difficult to accept trade diversion as a significant result of Mercosul when trade with non-member countries has grown 163 per cent in the past five years. This can only demonstrate Mercosul's commitment to trade liberalisation and the tremendous benefits reaped by all our partners around

the world

principles and disciplines of multilateral trade.

In the discussion of trade and regionalism, the real

No. of the last of issue is liberalisation of trade. Mercosul is a success story in open regionalism. Brazil and our partners in Mercosul participate actively in the Committee of Regional Trade Agreements of the World Trade Organisation. What should be expected is the compliance of all regional trade agreements (including, not least, the EU and North American Free Trade Agreement) to the

Rubens Antonio Barbosa. ambassador, Brazilian Embassy, 32 Green Street, London W1Y 4AT, UK

Right price for Heathrow slots

Sir, Mr Richard Botwood, the director-general of the Chartered Institute of Transport (Letters, October 30), urges the regulators to consider ways in which Heathrow's limited number of slots can be used for Heath-

row's advantage. Surely the question the government should be asking is how can Heathrow's limited number of slots be used for the advantage of Heathrow and the country

as a whole while causing the least environmental damage to London.

If this were the test, then the government would impose an environmental cap on the number of slots available at Heathrow at no more than 5 per cent above the present figure and ensure that slots or landing charges were priced at market clearing levels. In this way Heathrow's pre-eminence in Europe would be secured, London's quality of

further deterioration caused by Heathrow and the nation (rather than the airlines and BAA) would benefit from the huge additional revenue a market pricing regime would generate - estimated recently by The Economist at £500m (\$815m) per annum.

life would be rescued from

Gideon Nellen, Nellen & Co, solicitors, 19 Albemarle Street. London W1X 3HA.

Lithuania attractive place to invest

From Prof Val Samonis. Sir. Matthew Kaminski's "Lithuania's old heroes look for new glory" (October 18) correctly assesses the current situation in that country but leaves something to be desired in understanding

the past and future Lithuanian policies. While there were some copulist streaks in some Lithuanian non-communist parties' pre-election rhetoric (how else can you win election in the sovietised society?), the record of Lithuanian conservatives and other non-communists speaks for itself. Extending the pre-war tradition of independence of fiscal responsibility, Lithua-

nia recorded budget surpluses in 1991-1992 which by then were almost extinct elsewhere. Also, it carried out a speedy and radical

privatisation and property restitution.

True, Lithuania was slower to introduce the litas, the permanent national currency, partly due to the misguided influence of the International Monetary Fund, which argued for the retention of the rouble zone as the optimal currency area. The new government is not planning to devalue the litas; it talks rather about sustaining the exchange rate.

The currency board introduced by the Lithuanian excommunists is somewhat of an inflation-sustaining institution under the conditions of productivity differentials in a dual (foreign versus economy, as it tries to

domestic sector) post-Soviet enhance its exports. A theoretical case for this assertion is now supported, for example, by the comparative

Suite 14335, 130 St. George Street.

inflation performance of Estonia and Lithuania on one hand and Latvia on the other.

Therefore, an orderly return to responsible monetary policies under the classical central bank institution, planned by the new government, will not only help inflation-fighting. It will also help Lithuanians acquire macroeconomic policy skills which in turn will speed up reforms.

In sum, the non-communist victory will only make Lithuania more attractive as a place in which to invest.

Val Samonis. professor of east-west business and transition conomics, University of Toronto.

Lyn Glanz, Toronto, Canada M5S 1A5

The living is not made any easier

From Mrs Lyn Glanz. Sir, Richard Donkin shows considerable naivety in asking "Now that we have a Channel tunnel is it really so different living in Brussels as opposed to Edinburgh?" (Recruitment, October 25). Greater accessibility to and from continental Europe has little to do with the daily costs of expatriate life.

Such costs include vastly increased telephone and travel bills and paying a premium for goods and services due to a lack of local knowledge and language. These, however, can be dwarfed by hidden costs arising from. for instance, the reduced availability of spouse employment and additional costs for the care for elderly relatives left at home.

Shark 1991

10ftware in

Experienced expatriates know the costs of moving abroad cannot be measured in simple financial terms and that each posting will pose differing challenges which are not necessarily affected by proximity to their home country.

Living overseas can significantly alter attitudes. I suggest Richard Donkin's views might be different had he been writing his article as an expatriate in Brussels.

C.N.A. Looslaan 40. 3054 BR Rotterdam. The Netherlands

Europa · Paul De Grauwe

The sorrow of Belgium

Complacent and unaccountable. the state faces a crisis of public confidence

Czech-style, voucher-based



Belgium has traditionally lacked an image. Countries such as the Netherlands, Switzerland, Den-mark, France

and Germany evoke pictures that are easily recognised by outsiders. Not so with Belgium, where bourgeois virtues have stood in the way

This is changing quickly. Belgium is gaining a reputation for corrupt politicians and the incompetence of its

When it emerged in the summer that several girls had been kidnapped and some murdered, some magistrates refused to start an investigation; others left for prolonged holidays. Crucial information that could have led to the arrest of the perpetrators was not used or was kept secret from other inves-

tigating agencies.
The murderer, who had been convicted of child abuse, had been freed in 1992 after only three years in jail and immediately resumed his macabre activities. Last month, a popular magistrate who uncovered the paedocase by the supreme court, increasing suspicions of a cover-up.

All these horror stories have accumulated over the past few weeks, leading to massive protests which culminated in a march through Brussels by more than 300,000 citizens.

The popular protest has spread beyond the case of the missing and murdered children to become an tent about Belgian state institutions. The perception has grown that corruption, incompetence and ineptitude are the organising principles of the political system, the stration and the judiciary. The Belgian state is seen as failing to provide essential public services such as law and order and

protection for its citizens. How could this happen in the most bourgeois country in Europe? The answer can be summarised thus: complacency and lack of accountability. Mr Jean-Luc Dehaene, the

prime minister, exemplifies Belgian complacency. For years he has told journalists he will not attempt to solve problems that cannot be proved to exist. The judiciary was one of these "nonproblems".

This attitude also explains why Belgium's government debt is the highest in the European Union. For years, the problem was ignored. One minister once declared that, since the debt had would disappear automati-

cally. No need to worry.

Just as complacency explains the inaction of successive governments, so lack of accountability explains the disastrous failings of the iudiciary. The separation of

Street protest: the government of Jean-Luc Dehaene (inset)

has been under attack over the complacency of the state

powers between the judi-ciary, the executive and the legislative is a great idea. After the absolutism of medieval kings and popes, it certainly helped make justice fairer.

It has, however, also made it possible to develop a judicial system that is completely unaccountable. Unchecked by outside control, judges spend more time fighting each other than administering justice. Any mention of supervision is howled down as an infringement of the sacred principle

of the separation of powers. But pressure to reform the judiciary has been mounting after the recent disclosures of its incompetence. High on the list of proposed reforms are plans to reduce the excessive political influence in the appointment and the promotion of judges. This is certainly overdue.

It will not suffice, however. If the bills introduced in parliament are passed, judges will have to pass an exam in order to be hired or promoted. But if, in the name of the separation of powers, these judges continue to be unaccountable. little will have been achieved. A procedure must be developed to evaluate

istering justice.

The challenge is to develop procedures that make the judiciary accountable to the public without infringing on its independence. This may sound impossible; yet it can be done, as the experience of Belgium's university professors makes clear.

Professors used to hide behind the principle of academic freedom to reject any outside control on the quantity and the quality of their services. This is changing slowly. A Belgian newspaper now publishes yearly rankings of economics professors based on their publications and citations.

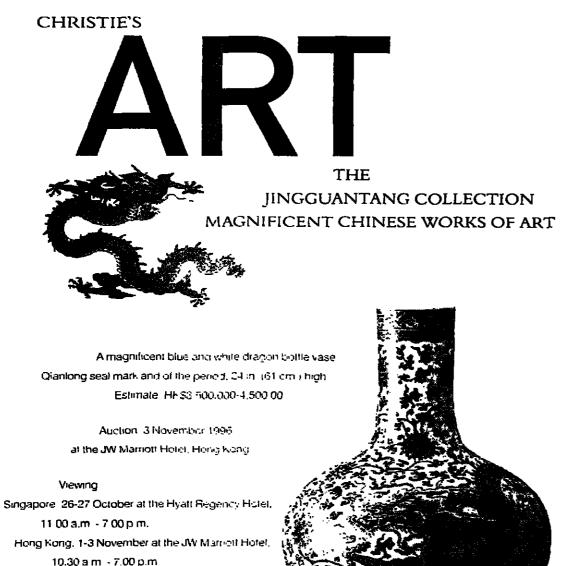
The teaching performance of professors is routinely evaluated using surveys of students' satisfaction. What was thought to be impossible turns out to be quite feasi-ble, and is changing the university landscape.

Something similar should be done for the judiciary. Why not survey the satisfaction (or dissatisfaction) of the citizens who use the system? One could certainly ask the "consumers" questions about the speed with which trials were conducted and about the responsiveness of

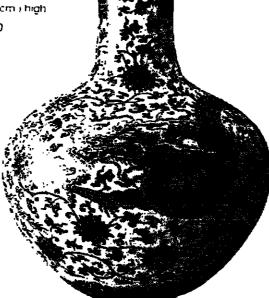
the judges to arguments.
In addition, it should be possible to subject the quality of court rulings to outside expert control. Rankings could be established to give the public some idea of the quality of different courts of justice

Other methods (and probably better ones) can be devised. They are essential to restore a semblance of efficiency and fairness to the Belgian judicial system, so that the country can return to its happy state of having no recognisable image in the outside world.

The author is professor of economics at the University of Leuven and MP for the Liberal party in the Belgian



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COMMENT & ANALYSIS

FINANCIAL TIMES

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A Japanese arrangement

outgoing prime minister, and including the labour mar-appears to have done enough ket, housing, health and wel-deals to bring his Liberal Democratic party back to power as a more domestic competition and minority government, even if he fails to win more backing from independent members of parliament. But the 10-point plan he agreed yesterday with his former coalition partners - to ensure their tacit support - falls well short of being the sort of reform platform that many were

) liberally

At its heart lie proposals for bureaucratic reform, the one issue on which all the main parties in the recent election campaign were agreed. Thus over a five-year period from 1998, the number of government ministries will be reduced, with precise proposals to be drawn up over the next 18 months. In addition, the parties have

agreed to review the electoral system, reducing the number of seats in both houses of parliament; to discuss tax reform; and to seek to improve relations with neighbouring countries.

It is scarcely a radical package. Reform of the heavyhanded and cumbersome Japanese bureaucracy is certainly necessary. But it needs to pro-ceed hand in hand with economic deregulation, to reduce the opportunities for bureaucratic interference. Red tape needs to be scrapped in a host of vital areas, from financial

Mr Ryutaro Hashimoto, Japan's services to telecommunications fare. Reform is needed to ensure more flexibility in the markets, in order to revive the economy from its worst slowdown in 60 years. But there is no mention of such measures in the pack-

> Given the recovery in the fortunes of the conservative LDP in the elections, with an increase from 211 to 239 seats in the 500-member lower house, some feared it would be too strong to be bothered to press ahead with reforms. In the event, it seems more likely to be too weak. So it will be up to the opposition parties, such as the left-wing Social Democratic party, and the pro-deregulation New Frontier party, to maintain the pressure for action. The worst indictment of the

political establishment was the record low turnout of 59 per cent in the October 20 election. It suggested few expectations of genuine change, whoever came to power. Mr Hashimoto has a reputation as a pro-active prime minister, and he now has a chance to prove the voters wrong. He is due to be presented with a package of deregu-lation plans by the advisory Economic Council before the end of November. He has much to gain by rapidly putting them

Shark pool

high-pressure sales representatives, using cold calls, is persuading gullible European investors to put their money into currency trading schemes and shares of dubious value.

Many of the perpetrators learned their craft in some of the infamous operations of the 1980s. Since then, cold callers have cleverly exploited new technologies to evade the police and financial regulators. They have learned to shelter

in corporate mazes which take maximum advantage of regulatory gaps and banking secrecy. Investors are contacted by cross-border mail shots or telephone calls.

bank The companies' accounts and administrative offices are in another country. often Switzerland. Investors' funds, once committed, are difficult to track or retrieve because of banking secrecy and the speed of electronic transfer.

Some complaints represent only the disappointment of speculators who belatedly realised the risks, or the fact that commission structures were stacked against them. But even when fraud is suspected, there are difficulties of jurisdiction. Since many companies avoid selling into their local markets, there is less incentive for police or regulators to become exercised.

The EU's Investment Services Directive, under which a company authorised in one country will be given a "passport" into

new generation of all others, is intended to address some of these problems. But countries are implementing the ISD at different paces and without uniform definitions. For example, "Rolling spot" deals (forward foreign exchange contracts of seven days or less. which are rolled over), used by many cold callers, are not regulated in Germany.

The UK has made the most progress in protecting investors, partly because it has access to tough civil remedies. It was the first to regulate "rolling spot", although applications for permanent authorisation take long to be decided.

The Securities and Investments Board has shown that it will act against foreign companies calling into Britain, even if such actions are too late to help

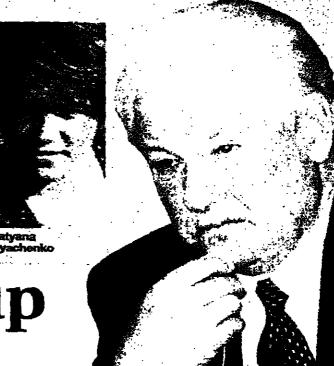
The UK is also right to insist on the licensing of individuals: companies can more easily adopt new identities. Another step would be to explore ways of using public exposure, within the limits of what is possible under confidentiality rules, to warn about sharp operators.

But apart from keeping a tight rein on licensing, raising public awareness of risk and pursuing criminal proceedings where appropriate, European countries should not waste sympathy on "victims". Once the authorities have warned that there are sharks in the pool, it for investors to decide whether to take the plunge.

The power behind the throne







Moscow's Group of Seven

Chrystia Freeland, John Thornhill and Andrew Gowers on the business leaders shaping Russia's future

tion of politicians and senior business leaders from around the world descends on the Swiss resort of Davos to ski, eat, drink and make deals.

Even by its own standards,

however, this year's World Economic Forum was the backdrop for a bargain of unusual significance. Behind the scenes and without the knowledge of other participants, a small group of top Russian businessmen formed an alliance that would reshape their country's future. They agreed that a communist

victory in the summer presidential election had to be stopped at all costs. To forestall such a disaster, it was imperative that President Boris Yeltsin's fading fortunes be revived. One man, they decided, had the talents for the task: Anatoly Chubais, former minister, economic reformer and architect of Russia's privatisation programme. Their pact was more than the

beginning of Mr Yeltsin's political resurrection and ultimate victory in July. It also established a new centre of power in Russia, uniting tycoons who typified the country's new capitalism and who had been savage rivals until this year.

The same tight-knit group of seven businessmen now meets weekly and works closely with Mr Chuhais, now the alling President Yeltsin's chief of staff. Its members portray themselves quite openly as the main force shaping Kremlin policy.

And the group has placed two of its members - Mr Vladimir Potanin and Mr Boris Berezovsky in important government positions. This week's appointment of Mr Berezovsky, head of a sprawling business empire comprising car dealerships, TV stations and a bank, as deputy secretary of the Kremlin's Security Council consolidates the hosinessmen's

capture of power.
On Wednesday Mr Berezovsky revealed for the first time in an interview with the FT how the business alliance funded Mr Veltsin's re-election drive to the tune of about \$3m. He described how it appointed a 10-strong campaign team headed by Mr Chubais and

very January, an also containing Ms Tatyana extraordinary collec- Dyachenko, Mr Yeltsin's daughter. And he explained why he and his colleagues had concluded they had to join the government to protect capitalism in Russia. Before the elections, business

realised that if business is not consolidated - if we are not strong and decisive - we will not have a chance," he said. "It is not possible to have this [market] transformation automatically. We need to use all our power to realise this transformation." Apart from Mr Berezovsky, the

group of seven comprises: Mr Potanin, former head of Oneximhank and now first deputy prime minister for the economy; Mr Vladimir Gussinsky, head of the powerful Most banking and media group; Mr Mikhail Khodorkovsky, president of the Menatep financial and oil empire; Mr Peter Aven and Mr Mikhail Friedman of Alfa Bank; and Mr Alexander Smolensky of Stolichny Bank Their six enterprises, according to Mr Berezovsky, control about 50 per cent of the economy.

By the accounts of several of their number, these men were intimately involved in every step of Mr Yeltsin's re-election campaign and the subsequent political manoeuvring. They engineered the alliance between President Yeltsin and Mr Alexander Lebed, his presidential rival, after the election's first round without which, said Mr Berezovsky, the president would have been "unable to win decisively" in the second.

The businessmen's proposal that Mr Chubais be appointed presidential chief of staff was also a logical one. The 41-year-old former privatisation chief was respected by the president; of all Russia's young economic reformers he had shown himself to be the deftest wielder of power, he believed passionately in the market economy and was not overdelicate about how - or with whom - to secure it. As important, the bankers

largely saw themselves as Mr Chubais's creation, since their fortunes were founded on the reforms he introduced. "My posi-tion is very natural," said Mr Berezovsky. "I am a product of privatisation. That is why I am so close to Chubais's mentality.

Now, together with the president's daughter, Ms Dyachenko, Mr Chubais serves as the businessmen's conduit to the sick leader. "She is the most effective channel to inform the president,' said Mr Berezovsky. During the elections, the busi-

nessmen further entrenched themselves by ousting rival factions from the president's entourage. First to go was the hardline clan surrounding General Alex-ander Korzhakov, Mr Yeltsin's former security chief and drinking partner. "We had not only to elect a president who would continue reform, but also to cut the right wing and the left wing." Mr Berezovsky said. With victory secure, it was

time to dispense with Mr Lebed, the unruly general who was, in Mr Berezovsky's words, "starting unfortunately to destroy the power". He was sacked by presidential decree last month.

At the same time, the group was debating how to exercise its power. In Russia's infant market economy, members decided, the new moguls had to assume authority in their own right. The banks had to have their men in government.

According to Mr Aven, president of Alfa Bank, it was their collective decision to bring Mr Potanin into the government. "He [Potanin] had the feeling that one of the big bankers had to go there," he said. "He had the support of the other big banks."

The businessmen's reasoning was stark. Even if the threat of communism had receded with

'It is very dangerous, because we could easily find ourselves controlled by a new nomenklatura.

They are getting new privileges and eating increases the appetite'

COLUMN TO THE PARTY OF THE

the July election, Russia's future as a flourishing and stable market economy was far from secure. Not only was the president largely out of action pending heart surgery; there was also the risk of serious social unrest, with wage arrears mounting and government finances collapsing. The bankers - several of whom are leading members of Russia's Jewish community - feared they

extreme nationalist backlash. Mr Berezovsky said he thought a nationalist shift was inevitable: "The question is only what price we will pay for it: an ocean of blood or just a cough."

The businessmen's answer is

could become the target of an

now apparent. They have assembled a remarkable political machine to entrench and promote the market economy - as well as their own financial interests. They not only have significant roles in the cabinet and the Kremlin, they also control Russia's two top television networks, a popular radio station and a growing number of national newspapers - assets they are happy to use to advance their "We and the group of Mr Gus-

sinsky were the first who realised how the mass media could assist The group of seven see them-

selves as an embattled elite pooling their efforts to steer Russia through a difficult transition. Other important figures in the country take a different view. Mr Berezovsky's appointment

this week has sparked vigorous protests uniting the communist opposition and Russia's small band of liberal democrats. Critics say the businessmen represent an unelected oligarchy whose rise to power jeopardises the country's chances of becoming a democratic state with an open market economy based on the Mr Sergei Kovalev, a leading

human rights campaigner, said: "It is very dangerous, because we could very easily find ourselves controlled by a new nomenklatura...They are getting new privileges - and eating increases the

appetite. This new nomenkiatura is insolent and is not subject to

any rules."

Mr Grigory Yavlinsky, leader
of the liberal Yabloko party, agreed: "Our new regime is reproducing the characteristics of the old system." The new financial and media empires were more than business concerns: "The name is not just banks and television: it is oligarchy and The motives of the business-

men may be clear, but what puz-zles many is what Mr Chubais is up to. He has won enormous respect in the west for his bold market reforms and integrity, and grudging admiration in Russia for his staying power in government. But today, some of Mr Chubais's oldest friends fear he has made a Faustian bargain.

If so, he almost certainly knows what he is doing. Mr Kovalev, a former dissident and an MP for Russia's Choice, the party Mr Chubais helped found, recalls a conversation a couple of years ago in which Mr Chubais complained bitterly about leading businessmen. "They steal and steal and steal.

They are stealing absolutely everything and it is impossible to stop them," he quoted Mr Chuthe different steps we wanted to bais as saying. "But let them take," said Mr Berezovsky. "If the steal and take their property. media had not been free or pri- They will then become owners and decent administrators of this property."

Mr Kovalev commented wistfully: "From my point of view this is economic romanticism. There is a view that the country will become a market economy and then everything good will follow. Then there will be democracy. In my view it is a very dangerous mistake."

He is not alone in his worries. Mr Yegor Gaidar, Russia's first reforming prime minister in 1991-92 and a close friend of Mr Chubais, voiced the fear in an interview this week that the new Russian brand of capitalism featuring intimate ties between corporations and the state and restricted markets - could be fatally flawed.

"To tell you the truth, I dislike it," he said. "I know from economic theory that if you try to restrict markets you create the basis for enormous corruption."

Software power

It is a cliché of the media sidiarles, for example, they business that content is king. Rarely has this been more evident than in the agreement earlier this week to encrypt the contents of the new generation of mass-market recordings, digital video discs (DVDs).

Copyright owners - the Hollywood studios and record companies - refused to allow DVDs to carry their products in pre-recorded form unless they were protected against piracy. After dragging their feet, consumer electronics manufacturers at last agreed - but too late for a full launch of DVDs this Christmas. A product the industry badly needs has been put back by up to a year.

The growing power of content over hardware was first evident two decades ago, when Sony's Betamax video-recorder lost out to JVC's VHS because the film studios backed the latter. In response, Japan's hardware manufacturers attempted to become software producers too. Sony bought Columbia; Matsushita bought MCA. Both episodes proved expensively unsatisfactory, and Matsushita has

now withdrawn. Not only were the two Japanese parents unable to run their new software businesses well, they were unable to take advantage of the costly access to the creative community that ownership provided. If they had listened properly to their new sub-

would have been aware of the seriousness of the DVD copyright problem earlier. And if they had made themselves at home in Hollywood, they might have been able to negotiate an earlier compromise.

This episode underlines the consumer electronics manufacturers' unenviable dilemma The experience of Sony and Matsushita argues against try-ing to mix hardware and software; yet without some influence over the software business they will increasingly surrender the whip hand on important aspects of new-product specifi cations to the content-providers

There is only one way out of this box the creation of a new and compelling category of hardware, one which software producers have no alternative but to endorse. Against that yardstick, the DVD does not

neasure up. More plausible contenders are interactive on-line products such as WebTV. To break into the mass market, however, these products will need much greater innovation in hardware, software and infrastructure than we have yet seen. And in this market, just as much as in DVDs, content will still play an influential role. Consumer electronics remains a good business - but not quite as good as it

woke up to their power.

My word is my bondage

the sound of scurryings in attics - the hant is getting underway for long-forgotten pre-revolution Russian bonds. The interest is due to Afper, the French association of

Russian bond holders: The bonds are aesthetically pleasing but almost entirely worthless. thanks to Levin and his associates, who reneged on them. After's excitement stems from reports that Alexander Livebits, the Russian finance minister, inight be thinking of making fregich bond hinders a "symbolic gesture" by handing over some loof. After says the renegate on interest payments and redemption of bonds rubsed

redemption of bonds rubied hundreds of thousands of investors whe had put their trust in Russia. Its case is strengthened by the soft that Russia has almostly partially reinthinsed OK and tither bondbolders. Moreover, Russia committed itself to duby the same for Describing strengthenesses in 1992. Afper is a pretty minible lobbist, Lest year it criticised
Anatoly, Sobrine, many offst.
Peter starte, for offering denotes
investors characters to boy a
new tond leather stricts was before content providers

Since then if has written to three credit rating agenci reminding them of Russia's record on bondars syment. The result? After's memberahin grew by more than 2,060 to 8,200 in the

last year. There are an estimated im. outstanding hands in France, though it's anybody guess what they're worth. Something between nothing and a huge whack, but in any case, better than a kick in the teeth.

Hard driving

Tan Sr Yahaya Ahmad Chairman of Malaysian car manufacturer Proton and new-boss of UK sports car specialist. Lotus, is a man in a hurry. One of that dynamic breed of ive it all entrepreneurs, he's just 50 and looks no more than 20. The son of a Malaysian. forestry department official, he studied automotive engineering in the UK, and in the past year has shot to prominence among Malaysia's hosiness community. His public profile arrived with the acquisition of a 32 per cent stake in Bicom Holdings, the state controlled industrial conglumerate. Hicom was used to ismich a Malaysian motor

Yahaya has taken the wheel at Proton But this week he also found himself with an 80 per

industry through its Proton

with cash strapped Italian entrepreneur Romano Artioli was completed in just 20 minutes. The product of detailed

advanced planning? Not at all, says Yahaya. "We were meeting for the first time and Artioli kept struggling to pronounce my name and title in full He kept doing it and I thought if I don't put him out of his misery we are going to be here all day. So I gave him the money after 20 minutes."

Two to tango The glacial movement of Angle Argentine relations inches a millimetre forward on Sunday,

General Martin Balza, chief of the general staff of the Argentine army. He's travelling to Britain for the highest level meeting: hetween the two countries' top brass since the 1982 war over the

with the arrival in the UK of

Palkland islands in the South Atlantic. Argentine diplomats histat Balza harbours no grudge against the British officers who took him prisoner in the Falklands, where he was commander of an artillery:

The visit's organisars prefer to stress other aspects of the little-known military relationship between London

fact that the two countries soldiers work together closely as peacekeepers in Cyprus, and until recently did so in Bosnia. A Royal navai vessei, HMS Endurance called last year at Buenos Aires and apparently

and Buenos Aires, such as the

received a warm reception. This mutual admiration society might even reach the highest possible plane - a polo match between the two countries' armed forces. Our money's on the Argentines ...

Dollars and sense Farewell frying pan, hello fire. Serge Robert, the French banker who has just been named governor of Bosnia's new central bank, might well consider adopting that as his personal

Robert has the delicate task of . implementing the financial side of the Dayton peace agreement amed at re-unifying the country's two halves, under which the bank should amass sufficient foreign reserves to support a common currency. The Moslem, Serb and Croat-controlled parts now each have their own corrency, with the Deutschmark the only one

Oh, and the frying pan? Robert has just spent the last eight months as senior adviser to the governor of Haiti's central bank.

accepted across Bosnia

Financial Times

50 years ago Nationalisation in France Newspaper reports in Paris substantiate recent rumours

of operational losses suffered by the principal enterprises nationalised during the last 12 months. The position of the National Coal Mines Corporation, which operates all French coal mines, appears especially unfavourable, its monthly deficit being estimated at Frs.900.000.000. A communiqué of the Ministry of Industrial Production admits that disbursements in the third quarter of 1946 Frs.4 milliards of which Frs.2 milliards represented the cost of State holidays and capital re-equipment. Suggested remedies are an increase in the retail price of coal by approximately 22 per cent or restoration of the Government subsidy

U.S. Lifting Controls Rapid progress is being made by the U.S. authorities in issuing the various edicts necessary to terminate Government controls on commodity and food markets: Resumption of futures trading in wheat and lard has been sanctioned at Chicago, and tea has been freed from all restrictions other than general import control

LAWYERS FOR BUSINESS

FINANCIAL TIMES

Friday November 1 1996



Swissair threatens to ditch stake in airline

Sabena crisis averted as unions agree to cuts

By Emma Tucker in Brussels and William Hall in Zurich

A fresh financial crisis at Sabena was averted yesterday as trade unions agreed a costcutting programme after Swissair threatened to walk away from its SFr260m (\$207m) investment in the Belgian national airline.

Mr Paul Reutlinger, the Swissair-appointed president of Sabena. indicated that if unions continued to disrupt operations, the Swiss company might write off its investment in the company and even relinquish its 49.5 per cent stake. He said that, if Swissair did

not get the hoped-for return on its stake in Sabena, the management would decide not to invest any more and "pull out of the company". The threat receded after an

announcement that Sabena's management had reached agreement with unions on a draft accord to cut BFr2bn (\$600m) off wage costs. In

return, management will come up with another BFr2.7bn of savings by increasing efficiency between now and 1998. Swissair's shares fluctuated wildly in response to the day's developments before closing only SFr1 weaker at SFr985, d Sabena's "Horizon 1998" plan

was drawn up by Mr Reutlinger as a way of saving Sabena without alienating the unions. His predecessor, Mr Pierre Godfroid, resigned after unilaterally suspending all collective job agreements - a move which led to extensive disruption by ground and pilot staff.

Yesterday, unions representing Sabena workers agreed to the terms of the plan, but pilots staged a strike that delayed some flights. They wanted to signal their disapproval of the agreement but said they did not envisage any more action in the near future.

The savings would be reached through a combination of a two-year wage freeze, job cuts, changes to working

conditions, increased flexibility and internal transfers. Swissair's fortunes are closely tied to the success of its investment in Sabena which it bought in May 1995. Sabena is supposed to provide it with a base within the soon-

But the investment has failed to live up to expectations and is proving a chal-lenge for Swissair's highly regarded new management team headed by Mr Philippe Bruggisser. Swissair's shares have fallen 27 per cent from a peak of SFr1.345 this year.

to-be-liberalised European

Analysts believe it would be very hard for Swissair to walk away from its investment, in spite of its threats, because of its own heavy financial exposure. In addition to taking a stake, the Swiss carrier has provided another SFr160m in a loan to a consortium of Belgian investors in Sabena.

World stocks, Page 34

Tutsis tighten hold on eastern Zaire

By Michela Wrong in Natrobi

Tutsi fighters are on the verge of seizing a swathe of eastern Zaire, putting them in a posi-tion to dictate terms to the circan authorities.

The country's undisciplined and anarchic army seemed to be heading for a humiliating defeat yesterday as Tutsi fighters advanced on Goma, the capital of north Kivu. Zaire's president, Mr Mobuta Sese Seko, is absent, undergoing treatment for prostate cancer in Switzerland.

The Tutsis were reported to be in control of Goma airport, a key access point for army reinforcements from Kinshasa and the centre of relief operations for more than 1m

The presence in the area of the Hutu refugees, who fled the 1994 genocide in Rwanda, is deeply resented by the Tutsi regimes in both Rwanda and Surundi, which have been under frequent attack from extremists in their ranks.

To the south, Tutsi Banyamulenge guerrillas took several reporters on a 60-mile tour of the area between Lake Kivu and Lake Tanganyika, demonstrating that a stretch of land from the towns of Uvira to Kamanyola was now in rebel hands.

Mr Laurent Kabila, of the Alliance of Democratic Forces for the Liberation of Congo-Zaire – the name adopted by the Banyamuleuge guerillas told a Reuters reporter his men had captured Bukavu, capital of south Kivu, and were mopping up resistance by militiamen and former Rwandan soldiers.

Analysis suspect the Tutsi fighters in north Kivu may be members of Kwanda's army. If this were proved, it would lend weight to the theory that a proxy war is being fought in the region between the Rwandan and Zairean armies. Rwanda continues to deny

being behind the fighting, describing it as an internal Zairean problem and refusing to take part in ceasefire talks. As mortars and artillery fire targeted the outskirts of Gonza yesterday, 115,000 Hutu refugees from the camp of Kahindo, 40 miles north of

Aid workers said they were iming for Mugunga, where 400,000 Hutus make up what has been described as "the biggest refugee camp in the

Relief agencies, which this reek pulled their international staff out of south Kivu, were on standby to evacuat about 120 expatriate staff but said that they were reluctant to leave while their help was

large recent joint ventures - with to improve profitability in its more

THE LEX COLUMN

Curing Pharmacia

Exxon in petroleum additives - suggest Shell is not asleep on the job.

The snag is that such prospects have already sent the shares to dizzy heights: Exxon still looks pric-

ier, but Shell now commands higher

multiples of earnings and cash flow

than more or less any other oil

stock. If the company delivers

everything investors are hoping for,

such a rating is credible. But the potential for disappointment is

obvious. Shell's snail-like progress

in rationalising European refining

is not encouraging. And although

the group's cash pile is absurd, investors cannot rely on getting

their hands on it - especially if

Shell ever delivers the step-up in

capital expenditure it has long promised. Shareholders should con-

After the rude growth of youth

and the anguished introspection of

adolescence, Body Shop is begin-

ning to show signs of maturity. The

tortured debate over whether to take the company private appears to have had a cathartic effect,

refocusing a management which

had shown signs of losing its way.

Late in the day, it has remembered

that it is first and foremost a

retailer, even if it is also involved in

Yesterday's results were encour-

aging: earnings per share beat mar-

ket forecasts, rising 29 per cent. The

continued strong growth in Asia was also a timely reminder that the

manufacturing and distribution.

sider taking profits.

Body Shop

Born a stock-market star a year ago, Pharmacia & Uploin is losing height with alarming speed. Over the past three months the drugs group has seen its shares fall by a fifth, giving up much of the rise that greeted the 1996 merger of Sweden's Pharmacia with Upjohm of the US. The performance leaves a par-ticularly bitter taste since Volvo, the original owner of the Swedish half, sold a \$2bn share stake in

The group's problems were evident in yesterday's poor third-quarter results, which showed underly-ing sales growth of only 4 per cent. Many of P&U's older medicines have lost their patents and are under pressure from cheaper generic rivals. Unfavourable exchange rates will hit this year's earnings. And with eight therapen-tic categories. P&U is spreading its research and marketing effort too

None of that is new however. Meanwhile, the \$500m cost-cutting programme is on track and there are fresh products on the way. Treatments for glaticoma and colorectal cancer have already been launched and a promising incontinence drug should be on sale in 1998. Shares in Rhône-Poulenc Rorer, another merged drug company, have jumped 85 per cent over the past 12 months as investors have switched their attention from cost savings to its new products. That illustrates the potential if P&U can make a similar transition. On just 14 times next year's forecast earnings, a 40 per cent discount to its US peer group, the shares are worth buying.

However one looks at it, Sheil's third-quarter results were disappointing; when oil prices are buoyant, a 7 per cent drop in underlying earnings is conspicuously unimpressive. Part of the problem, as always with Shell, is presentational: stripping out hidden one-off oddities would make the figures look less grim. Nonetheless, the underlying reality is clear: a sparkling upstream performance is being continually dragged down by lousy returns downstream and in chemi-cals. To be fair, Shell is under no illusions about the problem and is doing something about it. The planned US downstream alliance with Texaco would be a big step forward. And in chemicals, some

mature markets. At the moment, only 30 per cent of visitors to stores make purchases. And those that do TSE Eurotrack 200: 1811,4 (-4.0) have a low average spend. Initia-tives to improve the design of the rmeets & Cypelia shops, and a significant pruning of e odce fullily to the SAP Composite product lines, should improve these figures. Moreover, progress in the US, where the company continues to make losses, will be assisted by the appointment of a retailer as

chief executive. On valuation grounds, the company's shares are attractive. Earnings growth should outstrip the sector over the next few years. But on a forward price/earnings multiple of 13, the shares stand at a discount of about 20 per cent to other retailers. Any re-rating, however, is likely to await news of progress in the US.

BASF in polyethylene, and with UK underwriting

It would be churlish not to wel-come an initiative which helps erode the fixed commissions that characterise equity underwriting in the UK. Schroders' decision to put out to tender a portion of the sub-underwriting of the \$220m Stakis rights issue saved the company 2400,000, or 8% per cent of its under-writing costs. The exercise underlined that there is no justification for fixing commissions regardless of the risks associated with raising

Large companies with strong credit ratings will doubtless wel-come an initiative which promises to reduce their cost of capital. But their smaller brethren have reason to be nervous, since Schroders' initiative seems likely to reveal that the status quo means less risky offerings in effect subsidise their riskier counterparts. Smaller companies are likely to find themselves the victims of this more deregulated environment. Yesterday's initiative went off smoothly, but it had been flagged well in advance. The more testing scenario will be when there is less demand for the stock. In that case underwriters and sub-underwriters may well, rightly, demand higher commissions. Of course, Schroders' initiative is clearly an attempt to bolster the status quo and buy off the Office of Fair Trading. For instance, if the approach works for a third of the issue, it is difficult to see why it could not work for the whole. But now the genie is partly out of the bottle, there will surely be no going back.

Additional Lex comment on Stakis, Page 23

Irdi and Risk A

Anger over work rule way for minority Continued from Page 1

ensured such measures would not be applicable in the United

However, last March an advocate general of the European Court of Justice made a preliminary ruling that the UK government's challenge of the legality of the directive

The final judgment is scheduled for November 12. In a majority of cases, the court has endorsed preliminary rul-

Mr Major plans to campaign in the British general election, expected next May, on a platform that he will scupper the IGC unless the directive is "disapplied" in the UK.

The government will attempt to delay the directive's effect in the UK by citing the need to prepare. But it has agreed it will not be seen to be breaking the

Malaysia

Continued from Page

Maybank, which will inevitably compete with the new entity. But analysts said the government, which has a substantial indirect stake in Maybank, persuaded it to sell its 75 cent holding in Kwong

A proposed merger earlier this year between the local Pacific Bank and the Malaysian operations of Singapore's Oversea Chinese Banking Corp has yet to be finalised.

Europe today

with rain or showe

There will be rain and showers over most of the British Isles as a

frontal system approaches. The rain will be particularly heavy in Scotland, The Benefux and Germany will stay rather cloudy

Germany. Most of France will have

The Iberian peninsula and southern Italy will have plenty of sun but

patches of cloud are expected in northern Italy. The Alps will have some showers. The Balkans are expected to be sunny and dry.

sunny periods although the Mediterranean coast will be sunny.

Five-day forecast

More rain and showers are

Hashimoto clears LDP government

Mr Ryutaro Hashimoto seems certain to be elected next week for a second term as Japanese prime minister, at the head of a one-party minority govern-

Mr Hashimoto moved a step closer to forming a govern-ment yesterday when his Liberal Democratic party finalised a policy accord with its two former coalition partners.

Members of parliament will probably elect Mr Hashimoto by a narrow margin at an extraordinary session of the lower house next Thursday. The conservative LDP is likely to govern alone, with its two former partners offering parliamentary support on the issues outlined in the policy

That would make the next government more coherent than the previous disparate alliance of conservative LDP plus leftwing Social Democratic party and centre-left

New Harbinger party. However, the position of a one-party LDP government would be so precarious that it would be able to pass only uncontroversial legislation. That suggests a host of probusiness proposals could be delayed, including the lifting of a ban on holding companies, the break-up of Nippon Telegraph and Telephone and cuts in corporate taxes.

990

bureaucratic reform will probably determine how long his government will be able to

hang on to power. The prospect of another weak government contributed to yesterday's 1.04 per cent decline in the Nikkei 225 average to 20,466.86. It has fallen 2.34 per cent, or 491 points, in the past two days. Yesterday's accord commits

the next administration to a 10-point plan, the main high-light of which will be proposals to streamline the number of government ministries in the five years from early 1998, when the bureaucratic reform proposals are due to be submitted to parliament. The need to reduce the size of Japan's powerful bureau-

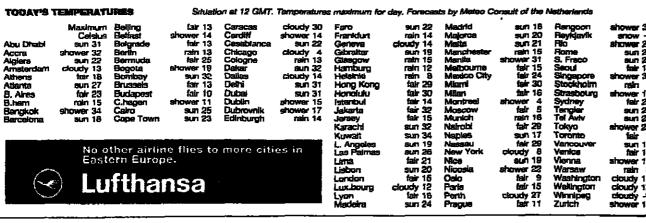
cracy was the keynote of the campaigns of all the main par ties in the October 20 election. The LDP fell just short of a majority at the polls, winning 239 seats in the 500-seat lower The most recent minority just two months, the shortest

government, under Mr Tsutomu Hata in early 1994, lasted lived in Japanese postwar his tory. Mr Hashimoto's next government is expected to last longer than that, if only because the current opposition is more fragmented and disorganised than was the LDP during its year-long stint in opposition until mid-1994.

eded by the numbers swell-Editorial Comment, Page 15 Mr Hashimoto's progress on ing Mugunga. FT WEATHER GUIDE

expected over western Europe as e series of depressions moves into the continent. Each disturbance will be accompanied by strong winds. High pressure will provide plenty of sun over most of the Mediterranean and over eastern

TODAY'S TEMPERATURES



brand has considerable potential. Just as relevant, though, was evidence that the group is taking steps

All of these securities have been sold. This announcement appears as a matter of record only:

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October 1996

Richard Donkin meets a Brazilian who believes that freedom at work is a recipe for results

7.

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** A.Car

tion of the company. Some of his ideas are adopted, some are not. Suction. One idea that led to the creation of a business providing management for outgroup profits within two years of its formation. "The concept was something I didn't understand but others did." said Semler.

Semler

His views on employment want to buy their work if believed that if there were they are given a blank card

are radical. "Every company Semler, president of needs lazy employees," he that working should reflect are self-employed or work on the way people behave outstyle of management. In fact side the office. Not everyone, the same approach to work. Teams, however, can feed Semier has no idea how

many people work for the company or how much they are paid. Many of them set their own pay rates. "Why debate salary? We all want to make as much as possicessful business ideas also ble," he said. Employees are emerge without his contribu- provided with the information to settle their own pay they know what the market pays, how much colleagues sourcing programmes con-tributed 50 per cent of the how much money the company is making. When establishing their pay rates, says Semler, employees know that six months later a

Two out of three people who work on the premises contract for another company. They can use the hardware and telephones just the same. Semler's laisser faire management seems to work. Semeo has grown nine-fold in the last 10 years to become one of Brazil's leading companies in this field.

His idiosyncratic formula is based, he said, on a simple premise that the most difficult thing in business is to get people interested in their work. "Everything else quality, profit growth - will fall into place if enough people are interested in coming to work on Monday morn-Semler began his approach

to the business by asking "childish questions" such as "what happens if someone is not there at certain time?" Some in his company department may no longer

CITY

possible and leave as early as possible. Semler believed differently. "People go to Work because they are looking to do something with their life. I have never met anyone who goes to that the business is anarwork for the money. In the same way I have never met any businessman who is in

business to make money."

He refuses to be paternal-

istic or to set any kind of company culture. Culture, are employee participation, he argues. is a dynamic that profit-sharing and open is constantly changing. Employees can wear what they want at work. OK. All the businesses work on six-month cycles when people may change jobs or be removed from their jobs if they have not performed.

colleagues. Job rotation is encouraged. When someone is recruited

Each individual must justify

his place in the team ~ even

the head of the team - to his

Excellent growth and exciting future prospects have created a

The successful candidate will be responsible for planning

8

McKinsey

they have priced their ser not fixed working hours peo on which they can write company that is self-than \$10m in net revenue in vices too highly.

The ple would come as late as their own title. Most do not propelled". opt for a title although one operations manager, said Semler, decided to call himself "Royal Pharaoh in charge of operations".

He rejects the suggestion chic. "Everybody knows what they are doing there, why they are there and how they are contributing to the final result." The three cornerstones of his approach information systems. He said: "Participation gives people control of their work, profit-sharing gives them a reason to do it better and information tells them what's working and what

The most refreshing aspect of Semler's approach in a business world that is becoming wedded to process is that it is not prescriptive. The result, he says, is that

LEADING INVESTMENT BANK

BUSINESS CONTROL REVIEW

Managers - probably a qualified accountant with a minimum

ROBERT WALTERS ASSOCIATES

"we have ended up with a nine offices earning more

Russia beckons

The extent to which headhunting firms have been penetrating the growing central and eastern European markets for executive recruitment is apparent in a report* published this week by the Economist Intelligence Unit. The report, compiled by Nancy Garrison John chows that Russia has the greatest potential in the region, forecast to grow by 25 per cent in 1996.

Hungary and the Czech Republic are now considered to have mature and sophisticated search markets, jointly worth between \$10m and \$12m a year. Headhunting in Poland is worth about \$15m. with forecast growth of 20 per cent in 1996. As the chart shows. H. Neumann of Austria is the clear marketleader in the region with

Welcome breath of laisser faire in 1995, 23 per cent more than in 1994. Their combined worldwide sales are expected to double by 2000. US, the pioneering firm in Moscow in 1993, has maintained a leading position, in second place among the rev-

enue earners in the region.

headhunting worldwide is

now a \$5bn to \$6bn business.

*Executive Search in Central and Eastern Europe, choosing and using a headhunter. Nancy Garrison Jenn, is published by the Economist Intelligence Unit, 15 Regent Street, London The report estimates that SW1Y 4LR, tel 0171 830 1007 (or New York tel 212 554 0600), price £165/\$265.

& EXCELLENT

just under half of which in

Europe. The 20 largest inter-

national search firms had

worldwide revenue of \$1.6bn

Top 10 headhunters in eastern Europe Leading executive search firms in central and eastern Europe by

number of offices and	nat revenues	1995 Net rev	omue \$m
	No of offices	Central & eastern Europe	World
H Neuroscop		9,6	72.5
Ward Howell	8	6.2	73.0
Kom/Ferry	· · · · · · · · · · · · · · · · · · ·	6.0-	276.7
Amrop	7	3.1	126.7
Accord	3	2.0	* 32.6
Egon Zehnder	4	2.8	146.3
Nobolson	. 5	2.0	n i n
Transearch	5	1.7	50,2
1 feldrick & Struggies	2	1.5	161.0
Consess Street		4 6	" 160 E

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McKinsey's Pulp and Paper Practice is one of the industrial sectors within our firm. The practitioners bring a rich body of skills, resources and experience to the pulp and paper companies around the world. The Pulp and Paper Research and Information Professionals from Scandinavia, Brussels and Atlanta assist

the consulting teams by collecting/analyzing information and conducting research. The Brussels location is now looking for a (m/f)

of strategy, organization and operations. Our mission is twofold: to help our clients make positive, lasting and substantial improvements in their performance

Company

PULP AND PAPER RESEARCHER



The Pulp and Paper Researcher will handle research and information requests - generally requiring between one hour and a few days to complete - concerning all aspects of the industry chain from forest to converted paper products.

The ideal candidate will have completed a university degree in economics or a related field, be between 25 and 30 years old, and have:

- Stare of the art understanding of the paper industry dynamics and papermaking process.
- Strong interest in collection, management and analysis of information. Proven ability to synthesize information
- Excellent communication skills in English. French and German skills are an asset. Hands-on computer skills (spreadsheets, on-line information retrieval, financial analysis packages).
- Quick and creative mind.
- Willingness to take initiative and responsibility.

and to build a great Firm that is able to attract, develop, excite and retain exceptional people.

International orientation.

If you fit this profile and you would like to apply, you are invited to send your curriculum vitae before November 15, 1996 to Anne-Marie Marton, Recruiting Administrator - McKinsey & Company, Inc. - avenue Louise 480, B 22, 1050 Brussels.

Corporate Finance Executive

London

3i Corporate Finance is the 3i Group's Corporate Finance advisory division, which specialises in mergers and acquisitions and provides Corporate Finance advice to the Group's investment division.

3i Corporate Finance is seeking to recruit an ambitious professional to join their expanding London team.

This is an excellent opportunity for a commercially astute Chartered Accountant or Solicitor keen to move into corporate finance or for a candidate who has already obtained corporate finance experience and wishes to progress his/her

The successful candidate will work on a wide variety of transactions in the public and private company arena. The executive will require sound commercial judgement

negotiation and interpersonal skills combined with good technical expertise. Additionally candidates must also be able to demonstrate: · Excellent academic background, 2:1 degree or

better from a leading university.

· The ability to liaise with entrepreneutial clients at a senior level.

Strong analytical, technical and communication skills.

Initiative, creativity and maturity.

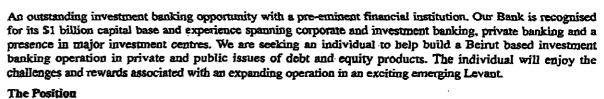
If you are a commercially minded and ambitious young executive wishing to progress your career you should contact either Annabel Carmichael or Paul Wilson on 0171 269 2318 or write to them, enclosing a full curriculum vitue at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649. Please quote reference 261906.

Michael Page City

Corporate Finance - Lebanon & Levant INVESTMENT BANKER

SCompetitive

Beirut, Lebanon



- Secure and execute mandates for raising debt or equity capital, private placements and project financing Support the marketing and client development efforts of the Bank in Lebanon and the Levant
- Help attract and develop junior professionals to the team
- Assist with building a long term investment business

The Requirements

- Personal and professional commitment to the evolving reforms and reconstruction of Lebanon, and a conviction favouring the growth of the Levant and the Mideast as an emerging market
- 3-4 years US or European experience at recognised investment banks, and an MBA from a leading university
- Demonstrable track record with corporate finance transactions, debt or equity, or M&A
- Highly numerate, analytical, technology literate and transaction oriented
- Self starter with drive and ambition, and a desire to live in Lebanon

Knowledge of French and Arabic an advantage Interested candidates should send their CV's together with details of current compensation to:

Box A5734, Financial Times, One Southwark Bridge, London SE1 9HL H



London

Business Origination Director

Highly influential new position with a mandate to build a significant business in Europe. GE Capital has assets of c. \$185 billion worldwide and turnover of c. \$2.4 billion. It is active in 26 different financial ses and European operations are a principal focus for rapid growth both by acquisition and organically. Its Commercial Finance business group aims to deploy its highly successful range of US products and services spanning asset-based and cash flow lending, capital markets placements, receivables and export financing, and equity and debt investing. The Group has an appetite for arranging major commercial financings both bilaterally and its syndication. This position will have access to very

THE QUALIFICATIONS

- P&L responsible to the MD International Division in the US for the origination and execution of Commercial Finance's business development programme throughout Europe.
- Targeting relevant public and private companies and leading detailed corporate lending negotiations principal to principal Recruiting and developing a small dedicated team of transactors.
- Forging strong relations both internally and externally to identify opportunities and synergies for the Group as a whole. Developing complementary products and services.

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Outstanding high achieving commercial finance professional with a distinguished business development record of asset-based financing in a

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Entrepreneurial, self-motivated and imaginative

team player with stature, commercial focus and objectivity. Able to represent GE Capital effectively in

a broad range of transactions.

blue-chip bank - probably now at Director level.

Package to attract the best + significant

GE Capital Europe

Global Project & Structured Finance

London

Business Development Director

GE Capital GPSF is one of the largest providers of project and structured finance in the world. Its London office (and its satellite in Delhi) services activities in Europe, Middle East, Africa and Central Asia and it has recently made equity and debt investments in S multi-billion energy, infrastructure and telecoms projects within the region. It now wishes to appoint a top-flight professional to spearhead the development of opportunities across a broader product and project base. The group has a large appetite as a principal investor and access to very substantial re-

- Reporting to the Managing Director GPSF in London with the remit to identify structure and
- Develop existing and new relationships with major operators and corporations to identify opportunities for equity and subordinated debt investments.
- Working with a small dedicated team to build GPSF's profile and reputation within the region. Key contributor to strategy.
- THE QUALIFICATIONS First-class, experienced structured financier with relevant origination and transaction experience in the region. European language skills highly
- Excellent commercial and analytic skills, ideally with a broadly based exposure to telecoms and infrastructure projects. Top quality training and transaction experience whether from a developer, major investment bank or boutique.
- High levels of initiative and energy with the stature and style to represent GE Capital at the highest levels. Tenacious deal maker with appetite for a

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Selector Europe Spencer Stuart

INVESTMENT BANKING CREDIT RISK MANAGEMENT

As one of the worlds leading and most prestigious Investment and Commercial Banks, our client has an enviable reputation for being at the forefront of product innovation and development, whilst maintaining the integrity of its highly valued credit culture. The Credit Risk Management function plays a vital role in developing credit policy and portfolio management techniques, in addition to providing an overview of the Bank's group credit process. As part of its ongoing commitment and development of this key area, the Bank now seeks to make the following appointments:

SENIOR ANALYST

Responsibilities

- Credit risk management of cash and derivative products; Credit risk analysis of exotic and structured transactions;
- Credit risk analysis of derivatives portfolios;
- Analysing the effects of credit provisioning on derivatives exposure.

ANALYST

- Credit risk analysis of trading counterparties to include funds, fund managers, brokers, dealers and Investment Banks;
- Legal risk analysis of derivatives documentation;
- Co-ordination of credit policy for front office and credit risk management areas.

ANALYST OPERATIONS

- Analysis of settlements channels for cash, securities and derivative instruments;
- Credit risk analysis of both safe settlement and electronic banking payment channels;
- Development of credit policies for settlement risk.

It is envisaged that over time these positions will develop to cover additional areas which will possibly include: the participation in the development of RAROC; evaluation of economic capital: and the analysis on a transaction/portfolio basis of emerging markets business.

Candidates will be ambitious, career orientated University graduates, preferably with a maths or science degree, who will have gained 2-3 years relevant credit risk experience within an active player in the Investment Bunking marketplace. If you feel you have the necessary skills and experience to contribute to this specialist group, and wish to play an important part within this Head Office function please contact, in strictest confidence, Sean Carr or Richard Lyons.

> Tel: 0171-588 3322 Fax: 0171-628 2400



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EXCELLENT REMUNERATION PACKAGE

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FISCAL AFFAIRS MANAGER

- THE COMPANY Philip Morris is the world's largest consumer packaged goods company. Our EEMA regional headquarters, based in Lausanne, oversees our growing cigarette business in the countries of EFTA, Central and Eastern Europe, the Middle East and Africa.
- THE POSITION Working independently, you will provide back-up for the Director Economic and Fiscal Affairs in the development and support of EEMA taxation objectives as applied in an FMCG environment. This will essentially involve providing Management with expertise on import/customs duties, excise taxes and trade-related issues, developing the relevant taxation strategies, and the presentation of recom-
- THE PERSON A holder of an economics or other business-related degree, you have some 8-10 years relevant experience, a few years of which have been spent in a similar position. In addition, you possess excellent analytical and communication skills, together with the ability to work independently and to synthesize complex issues. Fluent in English (French or a Slavic language would be an asset), you are

If you feel that you match our profile and are interested in joining this dynamic team of professionals, please reply in the strictest confidence with full curriculum vitae, covering letter and details of current remuneration package, attaching a brief written description of an event or incident in relation to a specified task or process in your professional life where you feel you performed very well and the outcome was successful. Send your application to:

PHILIP MORRIS EUROPE S.A. - EEMA REGION RESOURCING CENTRE **REF.NO. 17.10.96 AMS AVENUE DE COUR 107** PO BOX 1171 1001 LAUSANNE, SWITZERLAND

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Appointments Advertising

appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday

For further information please call: Robert Hunt on +44 0171 4095

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- THE POSITION Senior member of pan-European editorial team. Close contact with analysts. Edit written investment research ideas for external and
- · Input into development of written product and research marketing and distribution. **OUALIFICATIONS**
- Successful editor either within leading broker or experience in financial journalism. Alternatively, an equity analyst.
- ◆ Thorough and rigorous analytical mind. Able to
- Team player, ambitious for success.
 Commercially aware and good communicator.

Please send full cv, stating salary, ref FS610A2, to NBS, 10 Arthur Street, London EC4R 9AY





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HEAD OF DERIVATIVES & SECURITIES OPERATIONS POOLE, DORSET



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American Express Bank Ltd is an

American Express Bank Ltd is recruiting a Head of Derivatives and Securities Operations for its regional headquarters based in Poole, Dorset. This centre provides operational support to AEB offices worldwide for business areas including treasury, securities and derivatives. This position carries significant responsibility and reports directly to the Poole Operations

Head. It is intended that this individual will play a key role in the continuing development of global support services for treasury, securities and derivatives. Candidates will have at least 10 years experience of treasury, global derivatives and securities operations gained within International Banking. Experience should include the management

of an operations ream with particular emphasis on people management, training and development, and teamwork. Additionally, applicants must demonstrate a proven track record in change management and systems development, and be familiar with a control

The remuneration offered is highly competitive, reflecting the importance of this position within the bank, and includes generous relocation assista ested applicants should write with their cv, in confidence, to Helen Highet, Managing

Jonathan Wren & Co Limited, Financial Recruitment Consultants, No.1 New Street, London EC2M 4TP Telephone 0171 623 1266 Facsimile 0171 626 5257

Consultant, at the address below.



P30285

DEBT ORIGINATION MANAGER - AFRICA

EXCELLENT PACKAGE

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· ' • '''

City

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LONDON BASED

Our client, a well respected Global Bank with extensive Candidates should have at least five years experience of successful applicant will be instrumental in building long term are also considered to be important attributes. relationships with a range of African Sovereign. Corporate and Interested candidates are invited to submit their Curriculum Institutional clients. The position demands an in-depth Vitae to Andrew Warburton, Director, MW Selection, understanding of investment banking and candidates with a post 5 St. John's Lane, London, EC1M 4BH, or call him for a graduate qualification in either International Banking and confidential discussion on Telephone: 0171 250 4710, Finance or a related discipline would be of particular interest. Facsimile: 0171 251 4648.

interests in emerging markets, is seeking an outstanding dealing in the region and possess an extensive network of senior individual to strengthen their coverage of the African region. contacts within the African financial community. A strong Working as a senior member of a specialist team, the understanding of local business practices and regional cultures



Investment Banking in Emerging Markets

Highly Attractive Salary + Bonus

We represent a rapidly expanding international London based bank with an established presence in Western and Emerging Markets.

Due to its continued success, the organisation is looking to expand its Investment Banking team with the appointment of a Senior Market professional. Suitable candidates will possess a degree possibly coupled with an MBA and have at least three to five years experience in all aspects of debt issuance. Ideally exposure would encompass Emerging Market debt but this is not essential. You should, however, be able to demonstrate an excellent track record of originating. structuring, documenting and distributing banking and corporate debt issues.

The ideal candidate will have exceptional presentational skills and be willing to travel to secure and complete mandates. This is an outstanding opportunity to play an integral part in the development of a highly successful business.

For a confidential discussion please contact David Reynolds, Tel: 0171 236 2400. Fax: 0171 236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London ECAR 1AD.

SHEFFIELD-HAWORTH

Consultants in Search and Selection

TRADER

London

Our client, a prestigious US investment bank, is looking for an experienced Trader to work in the European Emerging Markets group.

Proven academic excellence, including a good Masters

At least 2 years' experience in sales & trading and

degree in Business with a concentration on International

nvestment banking in the Emerging Markets group of a

leading investment bank with particular emphasis on

 First hand knowledge of the former Soviet Union gained by extended periods of time spent there - at least 6 years

High energy level and ability to cope in a highly pressurised

To apply, please send your CV, to: Alastair Lyon, Confidential Reply Handling Service, Ref. 562, Associates in Advertising,

Your application will only be forwarded to this client, but please

Macquarie Bank

Permanent Part-time Lawyer

£Neg.

Compliance role

London

base metals, structured finance and equities. Macquarie Bank is seeking to

appoint a lawyer to its London branch, in a permanent part-time capacity, a

The Position: The role involves responsibility for all legal and policy

activities, liaison and reporting to the Sydney-based Compliance team developing and implementing policies and procedures as required.

The Person: You will be a lawyer with 3-4 years' experience gained within a

bank. The London branch of Macquarie Bank operates in foreign exclu

tion which will require a commitment of around 3 days per week.

The following attributes are essential:

Business Transaction Law

Fluency in English and Russian

5 St John's Lane, London EC1M 4BH.

Proven interpersonal skills

Macquarie Bank Limited is the only sub

Russian markets

Proven track record in market making

CHIEF DEALER FX OPTIONS

A challenging, high profile role offering the opportunity to establish and manage the FX Option trading activities of a leading bank, covering the European time zone as part of the Global Operation.

You will be joining an established and successful Treesury which has a strong reputation in trading and enjoys excellent relationships with the corporate community. The position

- Set up and manage an Options Trading Desk in a dynamic
- The Requirement Proven track record with a minimum of 5 years exper in OTC Currency Options trading,
- Ouote major and some minor currencles on an interbank basis and provide prices for customers. Develop the company's profile in OTC Options through
- building relationships and market making. Promoting OTC options products within the organisation.
- Ability to work in conjunction with the salespeople and offer added value on Option products Experience of setting up a desk would be a distinct

Michelangelo

Search and Selection, 2 Austin Friars, London EC2N 2HE Tel: 0171-972-0150, Fax: 0171-972-0151/2.

BARING ASSET MANAGEMENT

ANTITATIVE SPECIALISTS

City

Excellent Salary & Benefits

Baring Asset Management is part of the ING Group and provides a full spectrum of investment and administration services for an international client base.

Two new positions have arisen for quantitative experts to work in our investment teams. These toles are central to our investment process.

QUANTITATIVE MANAGER

Your brief will be no build, direction and manage the quantitative process within our European investment team. Working closely with the rest of the team, you will take responsibility for the quantitative management of European equities and oversee its effective implementation within the investment process. At least three years' quantitative management No. of the second of equities is required.

QUANTITATIVE ANALYST.

You will join an established, small and successful Japanese quantitative team in order to develop further the investment screening process. Experience in equities would be an advantage but is not essential. The ability to work with the minimum of supervision and to formulate and research new ideas is essential.

Rada Recruitment Communications Ltd, 195 Euston Road, London NW1 2BN. Applications should be received by Wednesday, November 13th and all replies will be Member of ING Group

For both positions we require a high level of numeracy and a good degree in either

mathematics, computing, accordance or a science related subject.

To apply, please write with your CV to Lindsay Armstrong, Recruitment Co-ordinator,

MERCURY



Fixed Interest UK Business Manager

Mercury Asset Management Group plc has grown steadily over the past 40 years to become Britain's leading investment house, with over £80 billion under management. As part of the strong growth of the Fixed Interest Division, reflected by a £19 billion increase in

ment over the last eleven years, the need has arisen to recruit a UK Business

Reporting to the team leader, this position will primarily involve all internal and external business aspects of running the UK Fixed Interest team within the Fixed Interest Division. Specific responsibilities will include:

 Strengthening client relationships within the team by understanding and addressing client Working with fund managers and marketing specialists to ensure that the team's value proposition is fully and accurately communicated.

The successful candidate must have substantial experience and understanding of Fixed Interest ine succession canonical markets. It is likely that she/he will have had some exposure to fund management and a minimum of five years financial market experience.

· First class influencing and interpersonal skills, with the ability to communicate effectively

at a senior sever.

Strong academic background, an MBA would be preferred, and the ability to work within a

team framework. The basic salary package, bonus and benefits offered will be extremely competitive and

commensurate with experience.

ted candidates should write to George Corbett at BBM Selection quoting Ref: 412 and enclose a full CV that includes contact telephone numbers. All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 0171-248 3653 Fax: 0171-248 2814 E-mail: 412@bbm.co.uk

FAIRCHILD

Fairchild Aerospace, the parent of Fairchild Aircraft in San Antonio, Texas, and Domier Luftiahrt in Munich, Germany, seeks three finance professionals. All positions are located in

Fairchild Aerospace faces many exciting challenges as it inte-grates two leading regional aircraft manufacturers, and brings to market important new aircraft products and services. We are searching for individuals who want to be part of the development of a vital new aircraft company.

Vice President and Treasurer Reporting to the Chief Financial Officer, this position is responsible for the integration of financial activities between the two manufacturing and service sites, with perficuler emphasis on international tax, accounting and foreign exchange. This function will contribute to an active corporate finance program.

The successful candidate will possess excellent presentation and communication skills, five to ten years of progressive international responsibilities, preferably with manufacturing enterprises, and willingness to travel frequently. Facility with German language would be a plus.

Product Finance Associate

Responsible for the support of a wide range of sales finance activities involving Fairchild and Domier aircraft, this position will report to the Director of Sales Finance in San Antonio, Activities will include structuring, negotiating and documenting eircraft leases; monitoring portions activity and syndications. The successful applicant will have excellent presentation and communication skills, firree to five years aircraft linance experience, including turboprops, and a knowledge of asset-based and other aircraft finance structures.

Treasury Associate

This position will participate in a diverse range of treasury activities undertaken by the CFO and Treasurers of the company. The finance group establishes budgeting and planning procedures for the company, prepares frequent reports for management, stockholders and financial institutions and pursues capital markets transactions. This position will support these, and other important financial activities.

The successful applicant will possess a graduate degree in business or a related field, three to five years experience in manufacturing and the ability to work effectively as part of a

lease fax a full resume to: Director of Recru nace. Human Resources Department, P.O. Box 790490 San Antonio, TX 78279-0490, Fax No. 210-824-9476, EOE.

UK EQUITY RESEARCH

MAJOR REGIONAL FUND MANAGEMENT GROUP

Tilney & Co is one of the UK's oldest and largest independent fund managers and stockbrokers, with client funds totalling over £4 billion. Following our MBO in 1993 we have no outside shareholders. We are growing rapidly and now operate from 10 offices with over 260 staff.

We believe that high quality, objective, in-house research is an essential element of our success and we devote considerable resources to this area of our operations.

Our Research Team has an excellent reputation for the quality of its product and we are now keen to expand it further, welcoming applications from experienced UK equity analysts. Following a re-allocation of sector responsibilities within the existing Team we are particularly looking to expand coverage in Financials and in a range of Cyclical Industrials but specialists in other areas need not be deterred from applying. The Research Team is based in our Liverpool Head Office, enjoying the many benefits of this North Western location.

If you would like to discuss what we are looking for do feel free to call Peter Bickley, Research Director, on 0151 236 6000.

Applications, with full CV should be sent to him at Tilney & Co, Royal Liver Building, Pier Head, Liverpool L3 1NY.

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nance, FDIC/OCC/FRB. Sent

CV to: PO Box 16574

Washington, DC 20041 USA

APPOINTMENTS WANTED

QUANT ANALYST

Up to 2 years experience and/or M.Sc/Ph.D. Strong IT skills (C++/Unix etc).

Please contact Stuart Norbury Tel: 0171 242 9000 Fax: 0171 405 6434

e-mail: lexmannpturs@dial.pipex. COMAMP (Rec Cons)

general corporate or banking law environment. Enowledge of the general regulatory environment is essential and direct compliance experience would be considered an advantage but not exacutial. This is an ideal opportunity for a person looking to continue in, or return lf you are interested in pursuing this excellent apportunity, please forward Peter Grimshaw

Manager, Legal & Compliance Macquarie Bank Limited 9th Floor, Alban Gate 125 London Wall LONDON EC2Y SAS

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You are presently employed in the sales division in a brokerage comp You are very successful in your present position."

Language qualifications: English + one or several other languages

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RUE DU MONT-BLANC 4 • CB-1201 GENEVA • SWITZERLAND PEONE: (+41) 22 909 8000 • FAX: (+41) 22 909 8080 **SENIOR SPOT**

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BROKER

required to work with established team of Swiss currency brokers. Applicants should be able to speak fluent Swiss/German with a minimum of 5 years market experience.

Write to Box A5732, Financial Times, One Southwark Bridge, London SE1 9HL

BANKING FINANCE & GENERAL APPOINTMENTS

SAUDI CAIRO BANK

JEDDAH, SAUDI ARABIA

As one of the leading commercial banks in Saudi Arabia we are undertaking a recruitment campaign to increase the skills sets within our information Services Division. The Bank's commitment to IT has resulted in experience required in the following areas/posts:

ELECTRONIC FUNDS TRANSFER (EFT)

Test Controller

To create a test environment and manage testing for

payments,

Treasury, L/C, Audit, Security

and Central Bank

Comms. Controller Manage all communications, implementation: functions for payment system interfaces and .

contingency

links to interbank clearing system

Requirements Analyst Assist in determining business

requirements and providing implementation and

training assistance.

Technical Author

To write, format and control all EFT documentation.

(Relevant experience in EFT, EDI or Message Switching projects would be preferred, but involvement in projects of similar size and complexity in the financial sector would be acceptable.)

SYSTEMS DEVELOPMENT

Project Managers

These are senior posts and require experience of development utilising methodologies within the complete system development life cycle. Knowledge of banking and project controls are essential, and expertise

on AS400, PCs and Oracle would be

an advantage.

Appropriate tax free salary levels will be paid to reflect the importance of these posts. Benefits include accommodation, flights, transport allowance, annual leave, medical cover and life insurance.

Perfect knowledge of the English language is a MUST.

If you believe you have the right background and experience to fill the above posts then call Tom Delves, Read of Information Services Division on (9662) 6613412 (direct) (9662) 6608820 ext. 643 or fax your detailed CV on (9662) 6608820 ext. 160 or (9662) 6605304.

ACCOUNTANCY APPOINTMENTS

FINANCE DIRECTOR

COMMERCIAL ROLE - MARKET LEADING INDUSTRIAL LEASING

MIDLANDS

c. £60,000 + SUBSTANTIAL BENEFITS

- £70 million turnover subsidiary of FTSE mid 250 plc. Highly profitable market leader in a mature and competitive marketplace.
- · Growth by acquisition is a fundamental dimension of the company's strategy. It therefore needs a Finance Director who will actively support this development whilst maintaining effective control and service standards.
- Responsible for motivating a team of 50 to achieve high levels of service to decentralised business units, along with effective and timely reporting to Group.
- Graduate, qualified accountant, aged late 30s, ideally with leasing experience in a strong service orientated culture. International experience could be useful, although initial focus will be UK.
- Hands-on, energetic and demanding high standards. The role calls for commercial focus, individual commitment and directness, along with flexibility to contribute to acquisitions and other planned developments.
- Very much an influential role in the development of the company strategy, the scope for career advancement in the company and Group is considerable.

Please apply in writing quoting reference 1263 with full career and salary details to: Alen Mumby Whitehead Selection Limited 11 Hill Street, London WIX 888 Tel: 0171 290 2043



Finance Director

Chequer Foods Limited

TELFORD, SHROPSHIRE

EXCELLENT REMUNERATION

Chequer Foods Limited carries on business as processing manufacturers of convenience foods for the fast food, catering and vending industries. It is part of the Autobar Federation which is a Pan-European organisation comprising over 50 companies.

An exceptional Finance Director is now sought to assume day to day control of the financial management function and to act as a key member of the management team on the formulation of overall strategic policy. Reporting to the Managing Director, the principal tasks will be to oversee and review the preparation of management and statutory accounts, initiate and manage new technology improvements, act as the principal point of contact on financial issues with professional advisers and provide assistance to the Board on the financial implications of commercial transactions, including acquisitions.

Appropriate candidates will probably be in the age range 35-45 and of graduate calibre with a recognised accountancy qualification. It is essential to demonstrate

several years' experience as a Financial Director in a manufacturing environment (either a stand-alone company or a division of a major group) with exposure to standard costing issues. IT literacy is very important. A knowledge of European languages, particularly German and French, would be very useful. The appointee will be an inspirational team leader and an approachable individual who can relate to, and who seeks the views of,

An attractive salary package will be offered including substantial bonus potential and a quality car. Opportunities for further career development within the European group are excellent.

Please write, in confidence, with full career and salary details to Geoffrey Mather, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote ref:

Interviews will be held in London and the West Midfands.

corconsulting in global capital markets.

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ine knowledge of global capital m soltancy expertise in one integrated and seamless nal capability - backed up by the inve muscle of a \$72bn corporation. Ultimately though, it's the stranglatorward way in aduch we share knowledge th es our clients. Our refreshi to consulting does away with the mystique of value for money. We deliver results, not mendations. And we stay with projects

A steady flow of important new business means to move from a traditional consulting firm or

banking environment to the fresh thinking and winning ways of IBM. You must have two to five years' experience of large scale projects within the international capital markets sector. A sound understanding of the cities of these markets is essential, including tion processing, and risk analysis & manag fou must also be prepared to travel widely within Europe in the course of your work.

consultants of the highest quality. Unlike traditional ding firms which operate a limited, pu to good people as quickly as their lie Thomas and George Corbett at BRM Selection, 76 W Street, London EC4M 9RJ. Telephone: 0171-248 3653. Fex: 0171-248 2814. Please quote ref: 408 ;



Solutions for a small planet

ACCOUNTANCY APPOINTMENTS

Chief Financial Officer

Six figure package

Due to the expansion in size and complexity of its UK subsidiary, our client, a major U.S. investment bank is seeking a Head of Finance to redesign and relocate its U.K. financial, accounting and regulatory operations from New York to London.

Reporting directly to the Controller in New York, the initial task will involve extensive liaison with the present incumbent, with some travel to New York. Responsibilities will include accounting, tax and regulatory functions for the company's U.K. affiliate.

Candidates must have proven organisational and management skills, with the ability to grow and develop the role as the bank expands its European operations. Candidates will be qualified accountants, with at least five years proven senior management experience within the securities arm of an investment bank or, alternatively the financial services division of a leading international accountancy firm.

A thorough understanding of derivatives and capital markets products combined with a sound knowledge of SFA and regulatory reporting are essential requisites for this challenging and exciting role.

Interested candidates should send or fax their Curricula Vitae, stating current remuneration package, to Carol Jardine, Principal, Jardine Kelso, 53 Shepherds Hill, London N6 5QP. Fax: 0181-341-4463. Interviews will be

• JARDINE KELSO •

FINANCE DIRECTOR

MAJOR INTERNATIONAL GROUP

WEST MIDLANDS

TO \$75,000 + BONUS

expanding market.

 Opportunity for an experienced finance professional to work closely with a recently appointed Main Board Director to build on the growth strategy of a £300 million plus turnover business of a major international group.

- The business comprises a number of companies around the world, with the centre of gravity in the USA pursuing global expansion plans in the manufacturing and selling of equipment to multi-national drinks and fast food
- Key tasks will include, the provision of a comprehensive financial service for a global business, the ongoing development of financial co-ordination including the development of integrated IT systems and the contribution to

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4 The Courtyard, 707 Warwick Road, Soffbul West Midlands 891 3DA, Tel; 0121 709 0909

business development including M&A. Significant international travel will be necessary. Probably 40-50, qualified accountant with

broad commercial experience in the manufacturing sector. International experience is important, particularly in the USA. Demonstrable success in leading strategic IT projects would be an asset, as would exposure to

international M&A activities. Operating

experience in both large and small company environments would be preferable • Well-developed influencing skills are vital in a business culture which has been highly devolved. Determined but diplomatic character. Ability to operate independently. Willing to invest 5+ years in a senior position within a fascinating and

Whitehead

FINANCE DIRECTOR

International Marketing Services

Jeddah, Saudi Arabia

US\$56,000 plus expatriate package

SMITH

Our chent is a British-Managed offshorebased marketing services group with a multinational client base, currently operating on the Arabian Peninsula and with ambitious expansion plans in place. Growth has been sixfold in its first three years. A Qualified Accountant with experience in the industry sector and with exposure to

international business (preferably in the Middle East) is required to join the Expatriate Senior Management Team as the first Finance Director. The main tasks will be to assist in the restructuring into separate companies, supervise all accounting matters, set up and implement all relevant cost controls and systems, take responsibility for general administration and, in summary,

establish the necessary operational financial

structure which will enable the Group to meet foreseeable targets.

This will require a stable, mature personality (not necessarily in years) with impeccable professional standards, an entrepreneurial ability, strong personal skills in dealing with people of various cultural backgrounds and the desire to forge a career in this environment. This is not a contract posting.

The package will include a tax-free salary of US\$56,000, family housing, medical insurance, car and a return flight annually. Resumes only, please, to: John West, Kingston Smith Executive Selection, 2 Dryden Street, London WCZE 9NA. Fax: 0171-240 0723. E-mail: 100131.3550@Computerve.Com

The same of the sa

I market.

Moore Corporation is a global leader in delivering information handling products and services that 19,000 employees and over 100 manufacturing facilities serving customers in 50 countries with annual sales of USS2.6 billion.

Within the corporate audit services the successful candidate will report to the Corporate Internal Audit Manager. Responsibilities will include:

ing, executing and reporting on financial/operational audits at mainly European

- numendations to the management in order to increase the operating efficiency
- liaising with external auditors and with local, divisional area and corporate management.

The ideal candidate will be a qualified Accountant (CPA, ACA, RA or equivalent) with at least

For this challenging position, our client offers an interesting salary package unduding a number of fringe benefas as well as excuting opportunities within an international group

ROBERT WALTERS ASSOCIATES



c. £100,000 package + benefits

Blue-Chip Service Business

East Anglia

Finance Director

capitalisation in the region of £100 million which is part of a large quoted group embarked on diversification. Continued expansion and a challenging strategy to grow both organically and by acquisition requires a highly ambitious finance professional to support the Chief Executive in all aspects of strategy and operati

THE QUALIFICATIONS

tight financial control.

- Acting as a sounding board to the Chief Executive, setting strategy and evaluating the ongoing performance of a diverse portfolio of high potential start-ups, JVs and recent acquisitions.
- Initiating, negotiating and delivering a range of acquisitions, dealing directly with principals and managing advisors.
- Enhancing the financial management and IT infrastructure to support planned rapid growth. providing guidance to functional reports in the

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Graduate ACA/MBA, aged early 30s+ with first-class financial management, modelling and

corporate development experience from a blue-

Challenging yet diplomatic style. Able to respond quickly and assimilate data promptly to generate imaginative business solutions. Capable of and keen to encourage initiative whilst maintaining

Highly commercial with superior communication skills. Excellent staff and project management

skills. Effective in dynamic, technology-driven cultures and able to progress further.

c. £80,000 package + options + benefits

International Manufacturing Group

Midlands

Head of Corporate Finance/Treasury

Key role at the heart of an acquisitive and highly profitable £700 million+ turnover UK pic with an Key role at the heart of an acquisitive and highly profitable £700 million+ hurnover UK pit with an misable growth record, well-balanced international profile and a dominant position in each of its chosen niche markets. Powerful balance sheet and strong City support underptn a well-proven and focused strategy for growth both organically and by acquisition. Significant opportunity for a well-rounded inance professional with M&A experience and exposure to treasury seeking enhanced responsibility and professional growth in corporate development and, in due course, general management. Excellent international career prospects.

- THE ROLE Reporting to Group Finance Director with specific responsibility for corporate development and treasury as part of a small head office finance
- Working closely with the Board to identify and evaluate potential acquisitions internationally, developing proactive relationships with key financial advisors in the City.
- Strategic management of treasury, supervising an established high quality function, focusing on funding and balance sheet management.

THE QUALIFICATIONS

- Graduale, Chartered Accountant, aged 30 plus, with M&A exposure and treasury expenence gained in either a merchant bank or a corporate Second definite European language an advantage preferably German.
- Strong analytical skills and broad business overview combined with first-rate written and oral communication skills. Comfortable handling complex negotiations at senior level.
- Accomplished networker and relationship builder, capable of operating effectively as part of a small head office team. Self-starter with the ability to work

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Treasury Audit Professional

High profile position in a rapidly developing Middle East Bank To £45,000 Tax Free + Substantial Benefits Based Jeddah - Saudi Arabia

The National Commercial Bank is the largest commercial bank in Saudi Arabia. It has a network of over 200 branches and serves customers throughout the world.

The Bank is embarking on a challenging business expansion plan which will include the development of new Treasury and Investment Services activities. The Treasury Audit function is seen as having a critical role in this development, assisting in establishing and maintaining operational controls in order to support effective business risk management.

As part of this process we are seeking to recruit an additional Treasury Auditor to work within this specialist team. Undertaking in-depth reviews of business areas you will be

- Risk assess products including securities and derivatives. Review procedures and controls in the middle and back
- Assess adequacy of management reporting processes.
- You will have gained operational or audit experience in a treasury environment, together with knowledge of the latest risk management practices and treasury systems.

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Applicants for this position should be graduates and/or professionally qualified, with excellent communication and report writing skills. The ability to work independently or as part of a team in a multinational environment is

In return for your skills and commitment, the bank is offering employment on a two year contract basis, renewable by mutual agreement. The package offered includes a tax free salary, performance related bonus scheme, family accommodation, medical expenses, annual return air tickets to country of residence and contribution to school fees incurred in the Kingdom.

For further details and to arrange an interview. please contact Tim Sandwell at Barclay Simpson Associates, Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA. Telephone 0171 936 2601. Fax 0171 936 2655. E-mail tis@bar-sim.demon.co.uk

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Director of Finance





To £60,000

Harrow

Excellent career opportunity at Board level for ambitious finance professional. Make a major contribution in shaping this leading provider of health care services in north west London to become a model hospital for the 21st century.

- THE TRUST

 Provides a full range of general acute services to local population of 500,000 and specialist services to a much wider population of 7m.
- Clear strategic objectives and corporate values. Strong reputation for medical research and education programmes. Turnover of c. £85m p/s. 2,700 employees. Significant recent investment in new facilities.

THE POSITION

- Executive Board Member. Contribute to development of Trust strategy and business plans. Report to Chief
- Exercise strong financial control, ensuring targets are met.

 Provide clear management information to the Board.
- ◆ Lead and motivate finance team of 35. Support
- **OUALIFICATIONS**
- Professionally qualified, with substantial financial management experience at Board level, ideally in the NHS.

 Both a leader and team player who can improve productivity whilst maintaining quality and financial
- Good communicator with presence and authority. Able to make a real impact and build effective working relationships internally and externally.



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Please send full cv, stating salary, ref PS61004, to NBS, 54 Jermyn Street, London SWIY 6LX

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Group Accountant

C£32,500 & BMW

This is an opportunity for a Chartered Accountant with about 1 year's post qualification experience to move to the Corporate Centre of a substantial and dynamic UK plc which is actively seeking high calibre individuals with the capacity to develop a broadly based finance

career within the Group. The key aspects of the initial job will be the control and management of the budgeting and forecasting systems across the Group; liaison with the business Finance Directors to manage the rolling cash flow and profit forecasts; modelling one-off situations and emerging trends; assistance with the monthly reporting process; and special project work which will include investment appraisal, acquisitions and divestment reviews. The role calls for an interactive young professional with a very well organised approach to the analysis of the data and forecasting trends.

Applicants should hold a high grade first degree and be big 6 trained with first time professional passes. Computer literacy is a key requirement, together with the ability to develop high standards of analytical and presentational skills.

Location - South West London Please apply in confidence quoting ref: L615 to:

Brian Mason Mason & Nurse Associates 1 Lancaster Place, Strand London WC2E 7EB. Tel: 0171-240 7805.

Mason & Nurse Selection and Search

Mind the leading mental health chartry is seeking a Director of Finance & Resources to provide strategic leadership and be responsible for all Mind's support services including Finance, Human Resources, Administration, Information Technology and Facilities Managem

You will have a key role to play in Mind's Corporate Management Te leading on the development of medium and long term financial strategies and the continued development of Human Resources. A qualified accountant, you will have excellent analytical and planning skills and be a good communicator, capable of explaining complex financial information to non financial people. You will also have a keen awareness of opportunities in a new funding environment. You will oversee Mind's investment portfolio and be a director of Mind's trading

Candidates must have experience of motivating a team and a good

understanding of employee relations. Salary for the above post around £35,000 per annum, plus benefits. For an application pack write on a postcard only to: Human Resources (Ref DFR) 15-19 Broadway, London E15 4BQ (no telephone calls or CV's please).

Closing date for completed applications 15 November 1996. interviews expected 6 December 1996.

Mind is an equal opportunities employer

APPOINTMENTS ADVERTISING appears in the UK edition every Monday, Wednesday & Thursday

mational edition every Friday.

Toby Finden-Crofts on +44 0171 873 3456

HEAD OF INTERNAL AUDIT

c.£60K + Executive benefits

The Scottish Provident group currently consists of seven operating units (three based in the UK, the others based in Ireland, Greece, Spain and the Isle of Man) transacting principally life assurance and investment business. The group has funds under management in excess of £6bn. We are looking for an experienced individual to lead the Internal Audit department, which is part of the compact Group Head Office in Edinburgh.

Prudential control of the business in its widest sense is taken very seriously in Scottish. Provident. There is a strong Audit Committee of the main Board, and within the Group Head Office a Prudential Control Group which acts as a top-level management cleaning house for all audit, compliance, risk, control and corporate governance issues. The Prudential Control Group is chained by the Finance Director (who is also Deputy Managing Director of the group) and involves the Chief Accountant, the Accuary and the Secretary. You will be a member of the Group and will be required to report regularly to the Audit Committee; day-to-day reporting will be to the

The Job Involves: devising and managing a rolling audit plan to cover all the main areas of risk within the various operating units, enhancing the scale and compenencies of the existing internal Audit department and raising its profile within the organisation, and developing the practice of good risk management throughout the group.

You will have wide experience of internal audit and highly effective management skills with preferably experience of the financial services sector. The ability to think widely and imaginatively about risk and control issues combined with good people skills will be important factors in the in return for your commitment, we offer an actractive salary and benefits package, including a

car, non-contributory pension and life assurance scheme, private medical insurance and mortgage assistance and participation in a long term incentive bonus scheme. Applications in writing should be submitted to David Adams, Group Personnel Manager, Scottish Provident, Group Head Office, 7-11 Melville Street, Edinburgh EH3 77Z. Fax: 0131 527 1112. Closing date 21 November 1996.

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For further information please call:

London

c.£100,000 + Bonus+ Benefits

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AXATION RECRUITMENT SPECIALIST

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Facsimile 0171 463 0740

We are representing a worldwide financial services organisation which advises multinational corporations, financial institutions and government entities. The global derivatives financial structuring group engineers unique investment products and creates derivatives-based solutions to tax and accounts issues for major corporate clients. Sustained expansion across the global derivatives business has created a new role within this dedicated team of 6 professionals. Key-

structuring and marketing of tax-advantaged products to clients

- provision of tax input to documentation issues surrounding

As a European qualified Lawyer you will have a broad knowledge of European tax systems and treaty networks, and a genuine understanding of financial instruments and their tax treatm ctional experience in a bank or investi ideal, however relevant experience gained in a leading advisory firm is equally welcome. Strongly team-orientated, with excellent organisational and execution skills, you will engender trust with a broad range of sophisticated corporate clients. Fluency in two or more major languages (including English) is essential.

GROUP DIRECTOR OF FINANCE

INTERNATIONAL MANUFACTURING

OXFORD

W Lucy is an independent, vertically integrated manufacturer of electrical distribution equipment, gray and SG iron castings. Its two main operating businesses have a combined turnover of c£35m, supported by a property and investment division. It is multi-sited in the UK, with subsidiaries, associate companies and paintingship agreements in major world markets. Large scale nent programmes over the last 10 years have allowed the company to meet the challenges of a changing

EXCELLENT SALARY & BENEFITS

Restructuring into focussed business units is ongoing and necessitates the finance function adding value to manufacturing and commercial operations of varying size

and complexity. The position takes full responsibility for

the day to day hands-on control of the centralised finance function, including the development of reporting systems and controls. This new role reports to the Board, early accession to which is envisaged.

Candidates will be ACA or CIMA professional accountants with extensive business experience. They will probably be senior financial executives in multi-sited, international manufacturing businesses. Well rounded and highly commercially orientated, they will be skilled in the provision and implementation of tight operating and finance controls.

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EUROPEAN FINANCE DIRECTOR

WEST OF LONDON

This major US based computen leasing and trading organisation has recently established a powerful presence in Europe and is well poised for growth in its major European markets. It is focused on providing the highest level of customer support and choice, whilst remaining at the forefront of developments in systems technology.

In line with supporting the European Managing Director to drive the business forward across Europe, an exciting opportunity has now arisen for a highly commercial individual to join the company as European Finance Director.

Reporting to the CFO in the United States, and the European Managing Director, specific responsibilities will include overseeing European group and management reporting to the US parent and providing financial strategy and commercial direction to this Group. In addition this individual will be responsible for the management of ongoing banking relationships and all other treasury related issues.

The successful candidate, probably aged mid to late thirties, will have a professional accounting qualification, experience of US GAAP reporting and ideally some exposure to the leasing industry (servicing any business sector).

Strong presentational and inter-personal skills are required to support the blend of reporting and commercial experience necessary for this position. The ability to manage and motivate a number of teams within finance and MIS based in Europe will be key.

C £60,000 + CAR + SUBSTANTIAL BONUS

Interested candidates should forward their curriculum vitae, including remuneration details and daytime telephone number to Andrea Black or Richard Parnell at Robert Walters Associates, 42 Thames Street, Windsor, Berkshire SL4 1PR, or fax 01753 678 908. E-mail: andrea.black@robertwalters.com

ROBERT WALTERS ASSOCIATES



"Commercial Mind" - Major International Consumer Business **Group Financial Planning Director**

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last-growing international consumer business, with a strong reputation for dynamic and aggressive management, and is the established European market leader with operations that span the UK, Continental Eŭroĉe and beyond.

Promotion of the current incumbent has created a need for an exceptional and ambitious qualified accountant to lead its central Financial Planning function. This highly qualified and experienced professional team is responsible for providing analytical and business support to operational management in terms of identifying and recommending profit improvement opportunities, as well as preparing Group annual and long-term plans, monitoring and critically appraising country operating results, and producing regular Board reports and forecasts of Group performance. Additionally, your team

will evaluate all significant investment projects, produce presentations

comorate finance projects

You will be a highly commercial and analytically-minded qualified accountant: with previous man-management and financial planning/analysis experience gained within a "disciplined" environment, ideally in an international fast-moving consumer product or service business. You will also need to be self-confident yet diplomatic with good interpersonal skills, have strong powers of persuasion and be able to demonstrate finance directorship potential. The remuneration package is flexible to attract an exceptional individual.

You should write or fax in confidence, eaclesing your resume and current salary details and daytime/evening telephone contact numbers, quetleg reference 618/A on both envelone and letter/fax, to the address below:

Chryssaphes Frammiger Associates, Becktel House, 245 Hammeramith Road, London W6 8DP (Fac. 0181 528 9878).

Finance Executive

c£55,000 & Car & Performance Bonus

Our client is a £1 billion quoted FMCG Group with a number of market leading positions in large but very competitive consumer product sectors.

An early promotion from the corporate team has led to the need to recruit a Chartered Accountant aged about 30 who will work at Main Board level on a series of strategic initiatives which are central to the next phase of the Group's development. The role will therefore span acquisition and divestment studies, investment appraisal, the evaluation of competitive activity and industry structures, and forms of

joint venture and product licencing.

Applicants should be graduate ACA's with a top level academic and professional record and proven success at Senior Manager level in the mainstream of a big 6 firm, including a good cross section of special work. Individually, candidates must have the energy, dedication and lifestyle to cope with sustained pressure and make an impact both at Main Board level and with external advisors and third parties. The position will be based in West London. Relocation

assistance will be available if necessary. Please apply in confidence quoting ref. L614 to:

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Mason & Nurse Selection and Search

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Siernens is one of the largest, most prestigious and innovative electrical and electronic engineering manufacturers in the world. As a leading force in a highly competitive global market, we have maintained this position by continual innovation and development

As a result of internal promotion and expansion, we have two vacancies in:

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Following the decentralisation of financial responsibility within Siemens, it is Corporate Controlling's responsibility, on behalf of the Board, to review the financial performance of each business. Working closely with each business you will be responsible for developing and expanding their financial review proce

Candidates will be qualified graduate accountants, possibly with an MBA, and a minimum of four years POE. All applicants will possess analytical excellence, proven financial and commercial ability and exceptional communications and presentational skills.

This is a very high profile role with significant exposure at senior management level, affording the successful candidate the opportunity to be part of a highly innovative company and contribute to its continuing growth. The potential for career progression is excellen

To apply, please send your CV to Lynette Glesson, Personnel Manager, Siemens plc, Siemens le Oldbury, Bracknell, Berkshire RG12 8FZ. Telephone (01344) 396237 Facsimile (01344) 396235 Closing date: 15th November 1996

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l'assistance des fillales dans l'utilisa-tion des outils reterns en matière de budgets, reporting, analyse et sulvi des chiffres-clés, l'amélioration et l'évolution des pr dures dans le souci d'une constant

adaptation aux changements rapides du groupe autent qu'aux impératits des disconnectes des disconnectes des les relations avec les services compte-bilité et contrôle de gestion du groupe

Votre formation superseure en gesour, est valorisée par une expérience opérationnelle de 3 ans minimum, acquise en cabinet d'audit et/ou dans une société internationale de presta-tions de services de "matière grise", Basé à Paris, dans une équipe très légère au sein de laquelle vous dispu d'une large autonomie, vous effectu d'une large autonomis, vous effectué de nombreux déplacements à l'étran pour suivre les 8 filaies dont vous se

Merci d'ecresser votre dossier de candidature (lettre, CV, selaire souhaité), sous la référence 102, à notre Consail qui l'étudiera en toute confidentialité : Ettros, 11 Boulevard Pershing, 75017 Paris,

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Performance-related package

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London

Senior Researcher Finance Director Recruitment

Spencer Stuart is one of the worldwide leaders in executive search with an outstanding record of growth built on the foundations of a highly collegiate structure and a quality consulting team. We are the market leader in the recruitment of Finance Directors in the UK. To support and enhance our position we now seek an exceptional individual to join our close knit specialist team.

THE QUALIFICATIONS

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- Provide specialist research on senior level exclusive retained mandates on behalf of blue-chip clients in both the UK and international markets.
- Work alongside the financial management consultants on the search process attending client meetings and then playing a pivotal role in identifying, attracting and appointing key
- Provide proactive support by constantly monitoring market trends and developments in financial management.

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Mature graduate with at least five years' experience in either financial recruitment, or

the profession. Language skills and computer literacy would be an advantage.

tenacious and energetic, with a natural

Excellent written and verbal communication

skills with an ability to work in a cross-

cultural environment. Stature and presence to engender credibility at senior management

level both with clients and across the Spencer

Proven project management skills. Flexible

curiosity. Robust, with a sense of humour.

SGS Société Générale de Surveillance Holding S.A. (the SGS Group) founded in 1878, with headquarters in Geneva, Switzerland, is the world's largest organisation in the field of testing, inspection, verification and quality systems certification. The Group operates in over 140 countries with 335 subsidiaries, 1220 offices, 342 laboratories and 35,000 employees.

The Group's worldwide operations have expanded rapidly during the last years. Given the increased audit universe, we are looking for complementing our Internal Audit Function based in Geneva, Switzerland, or Parsippany N.J. USA, with high calibre and dynamic individuals for the position of

INTERNAL AUDITOR (M/F)

Tasks and responsibilities

- Performing financial and operational review missions worldwide in the SGS Group universe
- Advising on improvements of operations in terms of minimising risks, improving quality, efficiency and effectiveness
- Understanding operational, local and business considerations
- Special projects, including due diligence work

Profile of the suitable candidates:

- Qualified auditor (CA, CPA, CIA, Expert comptable diplômé)
- Two to five years relevant work experience in an international environment after gaining audit qualification
- Fluent English and either French or Spanish essential; any other language desirable
- Willingness to travel up to some 60% and to undertake this role for a number of years
- Excellent communication and writing skills
- Swiss nationality or Swiss C work permit (for Geneva) U.S. nationality or Green card (for Parsippany)

For successful candidates this position, clearly offers exciting career prospects in the SGS Group.

Interested candidates should send their application letters and curriculum vitae to SGS Société Générale de Surveillance S.A., Human Resources Division, P.O. Box 2152, CH-1211 Genève 1 Interviews will take place late October / early November.



DIVISIONAL FINANCIAL CONTROLLER

Thames Valley

to £40,000

+ Car + Benefits

FINANCIAL - RECRUITMENT - SPECIALISTS

THEGROUP

Our client is a global corporation and a world leader in its market, with operations in 130 countries and 90,000 employees. Its UK operations contribute in excess of £300 million to a total turnover of \$12 billion.

OPPORTUNITY Due to promotion, an excellent career opportunity now exists for an

ambitious finance manager to join the senior management team of the Group Commercial Division. The position reports to the Divisional Director and has direct responsibility for four staff. The Division employs in excess of 250 staff and is responsible for defining and implementing the Group's UK commercial, sales and

THE CANDIDATE

The successful candidate will be a qualified accountant or MBA aged between 28 and 35 with at least three years relevant management experience ideally gained in a similar role and environment. This is a high profile position based in the Group's UK headquarters and as such represents a genuine career opportunity for the most ambitious and able of candidates.

Interested candidates should in the first instance send their CV together with details of their current salary, work and home telephone numbers to Jeff Price at ABPM, Redridge House, 9 Bailey Lane, Sheffield S1 4EG, Tel: 0114-278 0011, Fax: 0114-273 8384, Email: gs10f@abpm.co.uk Please quote reference GS10f.

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As a young, dynamic individual working directly with the European Tax Manager, you will initially focus on value added taxes and additionally will be expected to work on a variety of direct European tax issues.

A qualified lawyer or accountant, you will possess a minimum of three years' international tax experience ideally gained in a commercial environment. A solid knowledge of European VAT should be

complemented by a thorough understanding of one or more EU corporate tax systems. Fluency in English is essential and a knowledge of other European Janguages would be advantageous, Tenacity, mental toughness and ambition will provide you with exceptional career opportunities within this vibrant global Corporation.

Candidates interested in this outstanding opportunity should send/fax their CV (in English) to our advising consultants Jane Storie and Mark Pockele at FSS Europe, Charlotte House, 14 Windmill Street, London W1P 20Y, United Kingdom,

Fax: 44 171 209 0001 or 44 171 813 9479. Tel: 44 171 209 1000. Quoting ref; F333.



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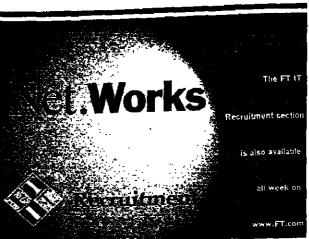
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FINANCIAL TIMES COMPANIES & MARKE

Friday November 1 1996



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IN BRIEF

Dresdner Bank profits up 30%

Dresdner Bank announced a 30 per cent rise in operating profits to DM1.89bn (\$1.25bn) for the first nine months and confirmed plans to open a direct banking operation next year. Page 20

Shanghai B shares reach record low China

Shanghal SE B index

The hard currency B share index in Shanghai ended at a record closing low on heavy selling by foreign investors, disillusioned by poor corporate performances and Beijing's repeated reaffirmation of a ban on domestic investors trading the B shares. The index fell 0.226 to 47.077 points, below the previous

record closing low of 47.13 points on June 7.

Tisco surprises with first-half results Tata Iron and Steel Co, India's second largest steelmaker, surprised the market with better than expected first-half results. The flagship of the hotels to trucks Tata group lifted net profit 25 per cent to Rs2.52bn (\$70.6m) in the six months to September 30. Page 18

Komatsu reports 55% rise in profits Komatsu, the world's second-largest maker of construction machinery, reported a 55 per cent rise in non-consolidated recurring profits, up from a previous Y6.1bn to Y9.5bn (\$83m). This was on sales that were 7 per cent higher at Y251.4bn. Net profits rose 22 per cent to Y5.3bn.

Mitsubishi Heavy boosted by weak yen Mitsubishi Heavy Industries, the largest of Japan's diversified shipbuilding, aerospace and machinery groups, cited the yen's weakness as a factor in its double-digit profits growth for the first half. Page 18

El Al sell-off plans receive setback El Al, Israel's national airline, confirmed it expects losses of \$100m this year, a development seen as a setback for the Israeli government's plans to privatise the company. Page 20

Companies in this issue

20 Mitsui Petrochemical 18 Mitsui Shipbuliding ABN Amro ANA 24 Motson Bre 21 Monsanto Acom Airbus Industrie Alcatel Alsthon NatWest Bajaj Auto Bayerische Hypothe Body Shop Nycomed Olivetti Budvar Orogen Minerals Budw CANTV Pharmacia & Upiohn Contico int Philips Pikington Coors DCB Holdings Pratt & Whitney Premier Of Den norske Bank RWE Rolls-Royce Deutsche Telekom Royal Dutch/Shell SPT Telecom Discovery Petroleur Dofasco Dresdner EIA San Migue Schroders Espapabe GAN

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16% of Matav earmarked for public offering is valued at \$500m | TV Asahi

Hungary telecoms group to float

Matav, Hungary's national telecommunications company. is polsed to float within the next 18 months in one of the largest initial public offerings to emerge from eastern Europe's developing capital

At current valuations, the tranche of 16 per cent earmarked for the flotation is worth about \$500m. This exceeds the \$429.3m

raised by Russia's Gazprom in the region's largest international share deal to date. As a result of the transaction, Deutsche Telekom and

cent of the Hungarian com-pany, will lower their stake to 51 per cent. The deal could be enlarged if

the Hungarian state decides to

decrease its 25 per cent hold-The decision by Deutsche Telekom and Ameritech to pro-ceed with the flotation has been confirmed by an invitation to four investment banks

to put in plans for the sale and

pitch for the role of global

The banks in contention CS First Boston, Deutsche Morgan Grenfell, Merrill Lynch and Morgan Stanley -

gating troubled waters

Ameritech, which own 67 per have until November 15 to remaining holding. Deutsche per cent of the company but a cent of the Hungarian com- develop proposals. Goldman Telekom and Ameritech per relaxation is expected. develop proposals. Goldman Sachs, Salomon Brothers and UBS approached Matay but were not included.

In December 1998, Deutsche Telekom and Ameritech paid \$375m for a stake of 30 per cent in Matay when the stateowned telecoms company became the first east European operator to be privatised.

From late 1994, the Hungar ian government, which has wrestled with one of central Europe's highest budget deflcits, looked into raising further proceeds through an international private placement or a flotation of its suaded Budapest to wait until they were further along their three-year programme of investment in Matav.

To satisfy the Hungarian government's need for funds, two western companies paid \$852m in December 1995 for a further 37 per cent of

However, the Hungarian government specified Deutsche Telekom and Ameritech should by 1999 float Matey and lower their stake to a bare majority.

Under Hungarian legislation. the state must hold at least 25

By encouraging the flotation of Matav, the government aims to boost liquidity on the Budapest Stock Exchange. The exchange index is up 135 per cent so far in 1996, but only 44

companies are listed. The number of lines per 100 inhabitants has increased to 26.4 per cent from 14.6 per cent at the end of 1993. By the end of this year Matav will have added nearly 1m new lines over the three years.

The waiting list for new lines has fallen from 700,000 at the end of 1994 to fewer than

P&U in second profits warning in three weeks

By Daniel Green in London

Pharmacia and Uplohn, the

Mr Robert Salisbury, chief Currency movements financial officer, said analysts depressed performance. Excluforecasts for 1997 earnings per ding exchange rate effects, Mr Robert Salisbury, chief 10 cents too high.

Three weeks ago the comthird quarter results, pub-

P&U shares, which had risen sharply on publication of the had 12 per cent of the market. figures, fell to end SKr13.5 Sales of over-the-counter lower at SKr229.5 in Stock-

than expected competition. She said there was increas-

biotic Cleocin. The diabetes new drugs.

P&U's third-quarter net disease New Scientist maga-profit was \$203.7m, down from zine said yesterday. \$230.9m last year, excluding \$47.6m in non-recurring

charges related to the companies' merger.

Third-quarter sales rose to Swedish-US pharmaceuticals \$1.72bn from \$1.69bn, up 2 per company, yesterday issued its cent but sluggish by comparisecond profits warning in son with most US and European competitors.

share of about \$2.35 were up to sales in the third quarter would have grown 4 per cent.

Third-quarter sales were pany said expectations for its boosted by the launch of Camptostar, for bowel cancer, ished yesterday, were too and Xalatan for glaucoma Mr Salisbury said Xalatan. launched in August in the US.

products rose 27 per cent, after a 169 per cent growth in Nicor-The company said profits ette sales. But the rise was next year would be affected mainly due to stockbullding because growth was "coming aboad of the US launch."

from the lower base" - the Third quarter operating lower third hunter figures with the lower recurring terms, rose from 18.6 at Merrill Lynch in London, per cent to 19.3 per cent said the company was also. He said lob cuts were ahead probably being hit by tougher of schedule with 3,300 staff I the alliance would therefore

having left the company by the end of the third quarter. ing generic competition for the . Derivatives, of two drugs, anxiety drug Xanax, the sleep stackeding P&U's cancer drug ing pill Halcion, and the anti-doxorubicin, have been found biotic Cleocin. The diabetes to prolong the lives of ham-drug Micronase was competing sters and mice infected with against generics and powerful scrapic — a sheep disease related to BSE, or mad cow

to limit Murdoch alliance's influence

By Michiyo Nakamoto in Tokyo

Japan's Asahi Nations' Corporation has a 21.4 per cent stake with Softbank, has moved to curb the influence of the media group, headed by Mr Rupert Murdoch, and its Japanese pariner.

Mr Kumo Ito, president of Asahi, said acceptance of part-time directors from the News Corp/Softbank alliance would be postponed until it accepted restrictions requested by other shareholders. TV Asahi was to accept two directors from the partnership at an extraordinary

meeting on November 7.

The action highlights the closed nature of Japanese broadcasting, which was shaken when News Corp and Softbank, the software and publishing group, emerged in June as leading investors in TV Asahi, one of the five main national broadcasters.

Mr Murdoch's arrival triggered alarm in the industry. which feared he planned to take over TV Asahi or its sispaper. Although Mr Murdoch and Mr Massyoshi Son, who heads Softbank, have stressed that their stake in TV Asahi is friendly, the group's reaction indicates it is still concerned. indicates it is still concerned.

Mr Ito said some large shareholders had asked that News Corp and Softbank accept limits on the activities of shareholders, including non-interference in the broadcaster's business activities and restrictions on the sale and acquisition of further shares.

"It has been tacitly agreed among large shareholders that there will be no participation in management and no purchases of further shares in TV Asahi," Mr Ito said. The have to be put off until an agreement could be agreed with the new shareholders. Softbank said it would con-

sider the proposal, while News Corp officials in Tokyo were not available for comment. Nippon Broadcasting, a radio station which is part of the Fuji Sankel media group is to apply for a listing on the second section of the Tokyo Lex, Page 16 | Stock Exchange in December

Share price SKr 120

Channel rivalry forces Stena into nine-month loss

ferry operator, blamed cutthroat competition on the English Channel and disruption from delayed ship deliveries for a fall into deficit during the first nine months. The Swedish company saw

pre-tax profits of SKr272m in the UK. into a SKr251m (\$38m) loss, on operating income down 6.5 per cent to SKr7.1bn from SKr7.6bn. The deficit was largely due to a poor July-September peak season, in which pre-tax profits slid from SKr622m to SKr309m.

The figures were broadly in line with expectations and Stena's shares firmed SKr0.50 to SKr29. The company routes meant it missed the repeated its forecast of a SKr450m full-year loss for 1996. Stena is expecting higher returns next year from its agreeing this month to merge its cross-channel operations with P&O of the UK. The deal, had it." He said "everything arrive.

price-cutting by Eurotunnel, 1996, but predicted a strong the Channel tunnel operator, rebound in earnings next year Price-cutting boosted vol-

umes on the Dover-Calais route. Stena said, but took traffic from other Channel crossings. Excluding Dover-Calais, Stena's total volumes fell on other routes around Crossings on Stena's high-

delays in deliveries of new high-speed service (HSS) ves-sels. The need to re-allocate capacity resulted in widespread disturbance, the company said. The HSS craft also suffered running-in problems.

Late delivery of a second HSS vessel on the Irish Sea peak summer season.

analyst at Kleinwort Benson, the London-based investment bank, said: "In the ferry business, if you miss the key summer season, you have basically

the P&O merger and the HSS ferries become fully operational

Stena said the number of passengers on all its routes rose by 8 per cent in the third quarter. Car traffic grew by 7 per cent, while freight volumes increased by 1 per cent. margin Irish Sea routes fell Around the UK, passenger and amid disruptions caused by car volumes advanced 15 per Around the UK, passenger and cent and freight grew by 3 per

> The company said it was negotiating over the future of shipyard which is building two HSS ferries for Stena but this month went into insolvency after months of financial problems.

The vessels, due for delivery Mr David Elsmore, shipping at the start and in the middle of next year, had already been delayed.Stena, which has pumped SKr65m into Westa Marin this year, said it was unclear when the ships would

Schroders' underwriting move follows attack on City

By John Gapper, William Lewis and Christopher Price

Schroders, the UK merchant banking group, yesterday introduced a more competitive method of underwriting UK share issues in response to criticism of traditional City of London practice by the Office of Fair Trading,

UK banks and large investment institutions want to avoid the system of fixed underwriting fees being referred to the Monopolies and Mergers Commission on the grounds that it is too costly for companies raising capital.

The Schroders innovation was part of a £222m (\$362m) rights issue by the hotels group Stakls. A tender among 44 + 025 40 investors involving part of the underwriting fees saved 123 + 1175 Stakis £400,000, the merchant 40 investors involving part of bank said. An OFT report last year crit-

> underwriting fees totalling 2 per cent or more being levied on companies raising capital. It is now close to concluding an investigation into the practice and is expected to decide by the end of the year on whether to refer the fixed underwriting fee approach to the MMC. Some critics of the system believe that changes

icised the system of fixed

will come too late to avoid a referral to the MMC. Stakis would have normally been charged £5m for the rights issue, which would cover the merchant bank and big investors guaranteeing that the shares would all be bought at the set price and the

work done by the broker. We welcome any move which saves us money. We like to think of ourselves as an innovative company so are happy to be part of this new type of underwriting," Mr

We welcome any move which saves us money. We ... are happy to be part of this new type of underwriting' David Michels,

Stakis chief executive David Michels, Stakis chief executive, said.

The Stakis deal, to which Merrill Lynch was broker, follows an intervention by the UK's National Association of be flexible to new forms of share sub-underwriting. Traditional merchant banks such as Schroders, with a

strong list of corporate clients,

lose from the end of fixed fees which could make it easier for newcomers to compete.

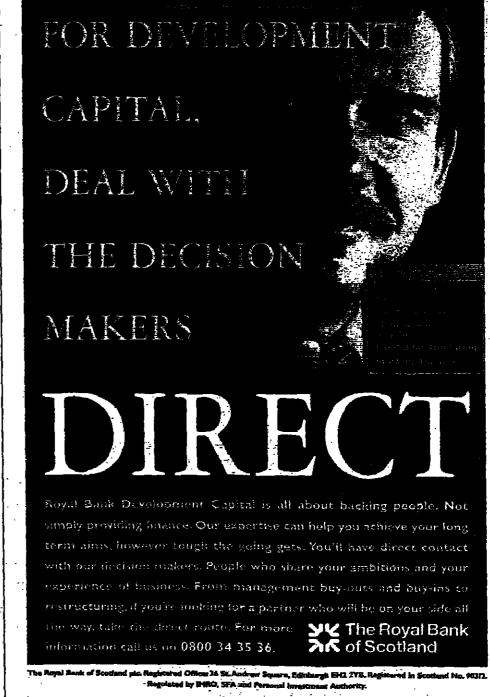
Mr John Rogers of the National Association of Pension Funds said the Stakis deal "could be the tip of the iceberg", and other innovations in issues were likely to follow. "We hope the OFT will note this development," said Mr

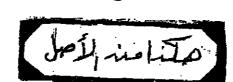
Rogers. Prudential Corporation which confirmed that it had participated in the tender organised by the brokers, said that "as abareholders in very many UK companies, we strongly support moves to reduce the cost of capital for those companies".

"We believed it was in everybody's interests to test the demand in the UK market rather than simply have an academic debate about pricing," said Mr Robert Swannell. head of UK corporate finance at Schroders.

The rights issue is to be us to part-fund the acquisition of Metropole Hotels from Lourho. Pension Funds, which wrote to Stakis will pay £327m for the its members to urge them to five-strong four-star chain, which will increase the number of rooms that Stakis oper ates from 5,500 to 7,700.

Lex. Page 28





Weak yen lifts profit at Mitsubishi Heavy

By William Dawkins in Tokvo

Mitsubishi Heavy Industries. the largest of Japan's diversified shipbuilding, aerospace and machinery groups, yesterday cited the yen's weakness as a factor in double-digit profits growth for the first half, and an improved profits forecast for the whole of 1996.

The group, the industrial nucleus of the Mitsubishi corporate keirels: yesterday said it expected the yen to its, which was mainly why

stay near its current rate of around Y110 to the dollar in the second half, rather than the Y105 on which it had calculated previous projections.

On that basis, it expects unconsolidated recurring profits - before tax and extraordinary items - to rise 15.5 per cent to a record Y192.5bn (\$1.7bn) for the year to March, instead of the Y185bn it had forecast earlier. Mr Yoshihisa Tsuda, vice-president, said the yen's fall was helping export prof-

MHI's overall gross profit sales, rose just 0.6 per cent margins were expected to to Y220bn, as ship orders rise to 14.7 per cent this year from 13.8 per cent last. Each rise of one yen against the dollar, when sustained over a year, adds Y2bn to MHT's annual recurring profits, Mr Tsuda said.

Recurring profits in the first six months to September climbed 12.6 per cent to Y89.1bn, on sales up 10.2 per cent to Y1,177bn. Turnover in the shipbuilding and steel structure division, representing less than one-fifth of

began to weaken in response to a decline in demand for new vessels. But sales at the aircraft and special duty vehicle division rose nearly 70 per cent to Y113bn, a con-Capel in Tokyo. sequence of increased sales Hitachi Zosen is forecastof components for the new

Boeing 777 airliner. MHI's two smaller rivals, Hitachi Zosen and Mitsui Shipbuilding also reported results yesterday, but they refrained from celebrating the yen's decline with an

upgrade of profits forecasts. They were either being conservative, or have lowmargin shipbuilding orders in their yards as a result of a recent decline in prices, said Mr Matthew Ruddick, shipbuilding analyst at James

ing a 14.8 per cent rise in full-year recurring profits, to Y30bn, on sales up 8.3 per cent to Y500bn. In the first half, Hitachi Zosen's profits rose 0.7 per cent to Y9.1bn. Margins were constrained by

tion costs, the company said. Total turnover edged up a mere 1.1 per cent to Y157bn, held back by a 48-2 per cent drop in turnover at the company's shipbuilding division. Mitsui Engineering and

Shipbuilding yesterday forecast an 8 per cent rise in recurring profits for the full year, on sales up 27.2 per cent to Y370m. In the first half, recurring profits rose 66 per cent to Y2.03bn on turnover up 15.4 per cent at

ASIA-PACIFIC NEWS DIGEST

India automakers ease industry fears

Concerns over a potential slowdown in the Indian auto industry have been eased by strong first-half results from two leading sector companies, Bajaj Auto and Mahindra & Mahindra. Bajaj Auto, the world's largest manufacturer of scooters, lifted net profits 27 per cent to Rs2,25bn (\$63m) in the six months to September 30, from Rs1.77bn

in the same period last year. Mahindra & Mahindra, the utility vehicle maker which is now producing Escort cars under a joint venture with Ford, lifted net profit by 25 per cent from Rs738.1m to Rs924.3m. Analysts said both sets of results were largely in line with expectations, and had eased fears of an slowdown in demand for vehicles and inventory build-ups amid a slowing in economic growth this year.

Tony Tassell, Bombay

Tough year for Lion Nathan

Lion Nathan, the New Zealand brower, reported a 25.7 per cent drop in earnings to NZ\$150.4m (US\$106.1m), which it blamed on a "tough" year in its Australian brewing business, sharply higher tax and currency changes. However the company, the biggest liquor group in Australia and New Zealand, said its expansion into China was going well, and that the New Zealand liquor and soft drinks businesses showed improved earnings.

Earnings for the year at the Australian brewing operations – which include XXXX, Tooheys and Swan fell 2.8 per cent to A\$243.4m (US\$193m), although sales revenue rose slightly to A\$1.5bn. Terry Hall, Wellington

Japanese chemicals mixed

Japanese chemical companies yesterday reported mixed interim results, amid sluggish demand for petrochemical products and synthetic fibres, rising costs for raw materials, and higher capital spending.

Mitsubishi Chemicals, the country's largest general chemicals manufacturer, announced a 98.2 per cent plunge in unconsolidated recurring profits to Y2.19bn (\$19.3m), because of declining markets for its mainstay petrochemical products, and rising prices of raw materials.

Mitsui Petrochemical Industries, the leading maker of synthetic textile materials, suffered a 10 per cent fall in unconsolidated recurring profit, to Y7.65bn. Net profits fell 1 per cent to Y5.31bn on sales of Y153.85bn, down 3.7

Hitachi Chemical, a synthetic resins processor and producer of molded parts for vehicles and housing equipment, reported an increase in interim earnings in spite of a slight fall in sales. Unconsolidated recurring profit rose to Y5.5bn from Y4.8bn a year earlier, while sales were Y125.6bn, down from last year's Y127.2bn. For the full year, Hitachi Chemical expects recurring profits of Y11.2bn on sales of Y257bn.

Nissan Chemical Industries, meanwhile, reported robust earnings growth on increased exports of its core chemicals, helped by the dollar's rise against the yen. Unconsolidated recurring profit rose 25.7 per cent to Y2.16bn, on sales of Y44.9bn, up 1.4 per cent. Net profit grew 28.8 per cent to Y969m.

Mitsubishi Materials surges

Mitsubishi Materials, Japan's leading manufacturer of metals and ceramics, reported an increase of 90.4 per cent in first-half unconsolidated recurring profit, to Y5.13bn (\$45m), on brisk sales of cement and silicon, the main material for microchip production. The weakening of the yen against the dollar, and continued low interest rates in Japan helped boost the result.

Sales in the first half rose 3.5 per cent to Y361.88bn, on rising exports. Net profit surged 288.2 per cent to Y2.21bn, or Y1,94 per share.

Japan's third-largest copper producer, Sumitomo Metal Mining also announced increased first-half profits of Y6.48bn, up from Y2.85bn, while sales edged up to Y200.2bn from last year's Y198.7bn. For the full year to March, Sumitomo Metal expects recurring profits of Y12bn on sales of Y410bn. Gwen Robinson

Nikon weathers chip downturn

manufacturing equipment, weathered the downturn in the semiconductor market, and doubled recurring profits in the first half, to Y10.5bn (\$92m). The increase came on the strength of buoyant demand for its steppers, which are used to manufacture semiconductors. Net profits

semiconductor manufacturing equipment, which commands high prices.

High public Cost cuts offset higher fuel bill at ANA

Komatsu By dichiyo Nakamoto

helps buoy

spending

Komatsu, the world's second-largest maker of construction machinery, reported a 55 per cent rise in non-consolidated recurring profits, as public spending in Japan and infrastructure development in Asia supported a steady rise in

overall sales. Komatsu lifted recurring profits from Y6.1bn to Y9.5bn (\$83m), on sales 7 per cent higher at Y251.4bn. Net profits rose 22 per cent to Y5.3bn.

The company said that, despite a weak domestic market, sales of construction equipment were lifted by the high public spending introduced as part of the government's economic

stimulus programme. Overseas, Komatsu was helped by the strength of the US economy and infrastructure projects in southeast Asia, which triggered strong demand for bull-

Sales of domestic industrial machinery fell 26 per cent in the term

Komatsu expects the sec-ond half to be difficult amid economic deceleration in Asia and a slowdown in capital investment by semiconductor manufacturers.

Nevertheless, it expects aggressive marketing overseas and at home to help it raise sales for the full year, from Y500.9bn to ring profits of Y24bn, compared with Y17.9bn, and net profits of Y12bn, against

By Michiyo Nakamoto in Tokyo

ANA, one of Japan's leading airlines, brushed aside a sharp rise in fuel prices to report a firm increase in parent pre-tax profits for the first half on the strength of higher passenger levels and cost-cutting measures.

The company lifted recurring profits 33 per cent to Y17.9bn (\$157.2m), on revenues up 5 per cent at Y450.7bn. Net profits climbed 33 per cent to Y8.4bn. However, ANA's performance, which contrasts with that of Japan Airlines. the international carrier which reported lower profits this week, did not help its share price yesterday. Investors were disappointed by a lower than expected full-year forecast, and the shares and fell Y12 to a new low for the vear of Y949.

In the first half, ANA was

A share prices relative to the Nikkel 225 Average

helped by expansion in routes and better results in the first and business classes of its international operations, which it attributed to a pick-up in the economy and the introduction of 180-degree reclining seats in the first class

numbers rose 17 per cent ket was supported by price over the same period last year, while international revenues were up 13 per

Domestic passenger volume and revenues also rose. although not as strongly as in the international business. The carrier's perfor-International passenger mance in the Japanese mar- it plans to cut overall costs

discounts and new services. ANA, like JAL, has been hit by higher fuel prices, which added Y13bn to fuel costs compared with the previous first half. However, ANA believes it can offset the higher costs with a costreduction exercise in which

Class act: improved sales in high-priced sections helped ANA beat trends by Y30bn in the year. Nevertheless, the airline forecasts full-year revenues at Y880bn, or Y3bn lower than expected, while recurring profits will be Y17.5bn. or Yibn below earlier forecasts. ANA blames the slow recovery of the economy and intensified competition in

Slow sales hit San Miguel | Tisco surprises

By Edward Luce in Manila

San Miguel, the Philippines' largest beer and food company, said net earnings after non-recurring items fell 23 per cent in the first nine months, to 2.99bn pesos (\$113.7m) because of lower beer sales and a depressed farm sector.

Analysts said the company's mounting debt – with financing charges rising 120 per cent to 2.01bn pesos from January to June - and flat beer sales combined to push earnings down. Net revenue rose 9 per cent to 61bn pesos. San Miguel's B-shares closed flat yesterday at 95

"San Miguel is having a

very bad year because of the depressed beer market and higher raw material costs." said Ms Alexandra Connor. an analyst at W. . Carr. "The company has also been hit by higher tax charges and lower than expected revenues from its overseas

operations." For the year as a whole, analysts forecast that net profits are likely to fall at least 10 per cent for the year as a whole

With its B-shares trading at a price/earnings ratio of 36 - almost twice the Philippine composite average brokers say San Miguel is trading at an almost 100 per However, the company's

\$1.6bn overseas investment programme, which includes breweries in China, Vietnam and Indonesia, is not expected to reap dividends until 1998. San Miguel says the proportion of revenues from overseas operations will rise from 13 per cent in 1996 to 30 per cent by 2000.

The company, which expects to be hit by a change next year in the excise tax on "sin products" such as beer, said growth in most of its subsidiaries, including Coca-Cola Bottlers Philippines and San Miguel Properties, was healthy. The price of raw materials was also falling because of the cent premium to the market. start of recovery in the farm

with 25% rise

By Tony Tassell In Bombay

Tata Iron and Steel Co (Tisco), India's second largest steelmaker, surprised the market with better than expected first-half results.

The flagship of the hotels to trucks Tata group lifted net profit 25 per cent to Rs2.52bn (\$70.6m) in the six months to September 30. from Rs2.01bn in the same period last year. The net profit was well above market consensus of expectations of around Rs2.2bn, and defied some even gloomier forecasts made earlier in the

ures from Indian companies inventory levels. over the past two weeks, after earlier forecasts of a slowing in corporate earnhalf reporting season progressed, more negative results

were expected. for the imposition of a 12.9 per cent minimum corporate tax by the Indian government in its July budget. This the figures.

lifted its tax bill from nothing last year to Rs373.5m

Mr Anurag Mathur, analyst with Peregrine Securities, said Tisco had managed to shrug off cost increases with improved sales volumes, and a 4 per cent average rise in product prices in April. This saw operating margins widen slightly, to 20.6 per cent compared with 20.4 per cent last

Tisco boosted its sales by Rs30.21bn in the first half, from Rs24.96bn. Production rose marginally, to 1.33m tonnes from 1.32m tonnes. However, the overall volume The results added to an of steel increased 8 per cent emerging trend of better to 1.194m tonnes from 1.108m than expected first-half fig- tonnes as Tisco sold down

Sales of hot rolled coils rose from 282,000 tonnes in the first-half to 436,000 ings growth. However, ana- tonnes. Cement sales also lysts said that as the first-rose, to 629,000 tonnes from 436,000 tonnes.

Shares in Tisco fell Rs6.75 to Rs180 ahead of the release Tisco's net profit would of the results, after the close have been even higher but of trade. However, in unofficial after-hours trading, the stock climbed back to Rs183 in response to Nikon, the Japanese maker of cameras and semiconductor

totalled Y5.8bn, compared with Y2.8bn a year earlier. Parent company sales rose 31 per cent, to Y151.8bn. The rise was attributed mainly to an increase in sales of its

ON THE ROAD TO ANOTHER UNBEATABLE PERFORMANCE

	Accounting Year ended 31.03.96	Six Months ended 30.09.95	Six Months ended 30.09.96	Six Month ende 30.09.9
	(Pis. in Millions)	(Rs. in Millions)	(Rs. in Millions)	(US \$.in Millions
Net Sales (Including excise duty)				
and income from operations	27,938.0	12,810.5	16,029.2	447.618
Other income (Net)	1,382.4	757.7	1,095.6	30.598
Total sales and other income	29,320.4	13,568.2	17,124.8	478,213
Total expenditure	22,533.1	10,448.7	13,079.3	365.242
interest	99.0	41.8	38.6	1.078
Gross profit after interest but				
before depreciation & taxation	6,688.3	3,077.7	4,006.9	111.893
Depreciation	737.1	406.9	558.0	15.582
Profit before tax	5,951.2	2,670.8	3,448.9	96.311
Provision for taxation	1,770.0	895.0	1,190.0	33.23
Net Profit	4,181.2	1,775.8	2,258.9	63.080
Profit after prior period				
edjustments	4,168.4	1,748.7	2,247.4	62.759
Earnings per share-ennusitsed (Rs/US 5)	52.37	43.94	56.47	1.577
Pald up equity share capital	795.9	795.9	795.9	22.22
Reserves (excluding revaluation reserves as per balance sheet of previous accounting year)	13.287.0			

- NOTES: 1. The above results have been taken on record in a meeting of Board of Directors held on 31st October, 1996. 2. The total two and three wheeler production and sale during the first six months was 758,599 and 722,467 respectively.
 - The corresponding figures for the six months ended 30th September, 1995 were 621,498 and 613,979. 3. The stock of vehicles on 30th September, 1996, was 45,186 as against 21,753 on 30th September, 1995. 4. The total exports of the company in the first six months were Rs.875.1 million against Rs.932.1 million during the six

5. The conversion rate for currency has been taken as US \$1 = Rs. 35.81.

BY ORDER OF THE BOARD OF DIRECTORS FOR BAJAJ AUTO LIMITED

RAHUL RAJAJ MUMBAL CHAIRMAN & MANAGING DIRECTOR **DATE: October 31, 1996**

Production up by 22%
 Turnover up by 26%
 Profit up by 27%



Priethha/Mum/BAL/96-65

Orogen institutional offer at A\$2

By Nikki Tait in Sydney

The institutional sale price hold the Papua New Guinea government's interests in various local resource pro- lian Stock Exchange this iects, was set vesterday at A\$2 a share - a 17.6 per cent premium to the price at which they were offered to and a former economic the general public in Austra- adviser to the PNG govern-

lia and New Zealand. The institutional price values Orogen at A\$642.5m "delighted" with the interest (US\$508.7m) and raises shown in the offer. Accordaround A\$237.7m of new capital for the company. This will be used in part to complete Orogen's purchase of a institutional demand was 20.5 per cent stake in the spread across two dozen Gobe oil fields, due to come countries. After the sale, the govern- 153.7m shares put up for

ment-owned Company will continue to remaining shares are due to start trading on the Austramorning.

Canadian-born chairman ment, said yesterday the ing to Orogen, more than 360 institutions applied for more than A\$2bn of shares. The

Orogen said that of the

Mineral sale, about one-fifth would Resources Development go to Australian retail investors, who were offered for shares in Orogen Miner- own a controlling 51 per cent shares at a fixed price of has expressed enthusiasm als, the company set up to stake in Orogen. The A\$1.70. A further one-fifth for establishing one - so this would go to retail and institutional investors in Papua New Guinea. They were also offered shares a fixed price. Mr David Beatty, Orogen's set at K1.57 for the first 2,000 shares and at K1.75 beyond

> The remaining 60 per cent will be allocated at A\$2 a share to institutional inves-tors - both PNG-based and international - who applied under the global offering,

Orogen said yesterday it was particularly pleased that 6,500 retail investors in PNG had applied for shares. In up in PNG-based hands. At projects.

present, the country does not have a stock exchange although the government stock will have to be traded

The Orogen float is one of the first privatisations in the resource-rich but economically troubled Pacific country. In 1995, PNG agreed a "structural adjustment programme" with the World Bank in return for financial support, although there has been dispute over PNG's progress and a second loan

tranche has been withheld. The resource projects in which Orogen has investments include the Porgera, total, about 30 per cent of Misima and Lihir goldmines. shares being sold should end and the Kutubu and Gobe oil

SING LAND COMPANY LIMITED (a company incorporated in Hong Kong with limited liability) US\$200,000,000 5% Convertible Bonds due 2001 ("Bonds")

NOTICE TO BONDHOLDERS

The Directors of Sino Land Company Limited ("the Company") on 1st October, 1996 proposed a final dividend of HK\$0.12 per share (with an option for scrip dividend) for the year ended 30th June, 1996 to shareholders whose names appear on the register of members on 22nd November, 1996. This final dividend is psyable on 20th December, 1996. This final dividend is subject to the approval of shareholders of the Company

at the Annual General Meeting to be held on 22nd November, 1996. The dividend warrants will be despatched on or about 20th December, 1996. The register of members of the Company will be closed from 18th Novem 1996 to 22nd November, 1996 (both dates inclusive).

Registered holders of existing Bonds who wish to exercise their conversion nghts attacking to their Bonds so as to be entitled to the said final dividend should lodge the properly completed and signed conversion forms together with the bond caroficales with their Agent so as to reach the Company before 4.00 pm (Hong Keng time) on 22nd November, 1896. By Order of the Board

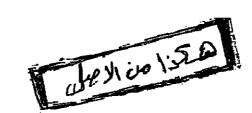
31st October 1996

Eric Ip Sai Kwong



Mortgage Backed Floating Rate Notes due 2023 In accordance with the provisions of the Notes, notice is hereby given that for the three month period 31st October 1996 to 31st July 1997, the Class Al Notes and Class A2 Notes will carry an interest rate of 6.43125% and 6.50625% per annum respectively. The interest payable per £100,000 Note will be £762,00 for the Class AI Notes and £1,639.93 for the Class A2 Notes.

NATWEST MARKETS



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Class A2 Notes



Merrill Lynch
on opening markets
by opening eyes.

In emerging nations like those of Southeast Asia, knowledge is a powerful economic development tool. And today, no one in the world uses it more effectively than Merrill Lynch. For with people in every key country and capital market, we see the world as no one else can. Which means we can put developing economies into perspective for people everywhere. Opening the eyes of the world to a country's potential makes a difference. To our clients and to people everywhere.

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Carra Shirtman (1)

Strong demand lifts Borealis

Strong demand for raw materials for the plastics industries boosted third-quarter profits at Borealis, the polyolefins joint venture between Norway's Statoil and Finland's Neste with its headquarters near Copenhagen. Third-quarter pre-tax profits were DKr302m (\$52.2m), taking profits for the first nine months to DKr466m against DKr2.99bn after nine months last year. In the third quarter of last year, when industry margins were very high, profits were DKr636m.

Sales for the quarter fell 1.7 per cent, from DKr4.14bn last year to DKr4.08bn, while after nine months sales were down 16.7 per cent, from DKr13.84bn to DKr11.54bn. Borealis said the third-quarter improvement was driven by higher volume sales, better prices and cost reductions. Toward the end of the quarter, higher feedstock prices, reflecting strong prices for crude oil, partly offset higher polyolefin prices, the interim statement said.

The group said its "value for money" improvement programme, aimed at improving processes and efficiency, had already achieved its target for the year - a net benefit of DKr200m. As a result of the programme, fixed rosts were on a falling trend.

An important next step in the value for money programme is the transfer of small-volume sales in Europe to the European chemicals distribution group, Ashland Plastics, which will leave Borealis to concentrate on marketing to its big customers. The transfer takes place in the current quarter. Borealis said the early days of the fourth quarter had brought further improvements which would contribute to profits for the year. Hilary Barnes, Copenhagen

RWE wins telecoms licence

RWE Telliance yesterday became the second German company to be awarded a licence to provide a nationwide telecommunications network in competition with Deutsche Telekom, the post and telecoms ministry announced vesterday.

The company, a subsidiary of the RWE power supply group, will be able to provide liberalised services such as data transmission on its already existing 8,000km fibre-optic cable system. A public telephone service will have to await full liberalisation of the German telecommunications market from January 1998.

The ministry awarded a nationwide licence to Vebacom the telecoms subsidiary of the Veba conglomerate, last month and has also awarded eight regional licences. The European Commission stipulated that two nationwide licences should be issued by today as one of the conditions for allowing Telekom to introduce corporate Peter Norman, Bonn

CME increases US offering

Central European Media Enterprises (CME), the US pioneer of private commercial television in eastern Europe, has increased its US stock offering from 3m to 4.3m shares in response to strong investor demand. The issue has been priced at \$27.50 a share, which would allow the company to raise gross proceeds of \$132m. CME, which began broadcasting in the Czech Republic with Nova TV in February 1994, is Nasdaq-quoted and is controlled by Mr Ronald Lauder, one of the heirs to the Estée Lauder cosmetics fortune.

The underwriting group for the share issue, led by Schroder Wertheim, Prudential Securities and Smith Barney, has been offered options to purchase an additional 720,000 shares, which could increase total gross proceeds from the issue to about \$150m.

CME is co-owner of the leading commercial television stations in the Czech Republic, Romania, Slovenia and Slovakia and has growing interests in Ukraine, where it has plans to apply for licences to develop a new national television station. It is expected to be one of the front-runners in the forthcoming tenders for national licences in Hungary, and last month was awarded its first broadcasting licences in Poland, the biggest single market

The group has previously raised gross proceeds of itosm, irom an initial publ тестий пи (\$76m), and a second issue in November last year (\$92m). CME and its joint venture partners are broadcasting to 86m people, including 77m in eastern Europe and 9m in Germany. In Romania, the group is seeking to expand its operations from TV into telecoms.

Kevin Done, East Europe Correspondent

Traub unit bankruptcy filing

Traub, the German machine tool maker, said its wholly-owned subsidiary Heckert Chemnitzer Werkzeugmaschinen had filed for bankruptcy yesterday in Chemnitz, Germany. The court appointed Mr Klaus Siemon temporary receiver, said Traub, which on October 15 filed for insolvency owing to an "inability to pay" its creditors, of which the largest is Deutsche Bank. If talks with the creditors on a repayment scheme fail, Traub could be forced into bankruptcy. AP-Dow Jones, Bonn

Nycomed revamp welcomed

Shares in Norwegian pharmaceuticals group Nycomed rose strongly yesterday on the company's announcement of a series of measures to cut costs and restructure operations. Nycomed's shares surged NKr5.50, or 6 per cent, to NKr88.50. The group said it expected to make savings of NKr600m (\$94.2m) from a new programme, Focus '98, designed to adjust the group's strategy to reduce costs in some areas and increase investment in others. The savings are expected to be take effect by 1998.

"This is what the market has been waiting for," said one Oslo-based broker. "Restructuring, cost-cutting and a refocus. The market is bullish on this. In the short run. we see potential of [a share price for the A stock] of NKr100." Nycomed announced the programme while posting 1996 nine-months pre-tax profits down 32 per cent on last year, from NKr1.32bn to NKr888m. Reuter, Oslo

Alcatel sells Lafarge stake

Alcatel Alsthom, the French power and electronics group. said it had sold its 2.2 per cent stake in Lafarge to Lafarge itself for FFr650m (\$129.5m). The 2.12m shares changed hands for FFr310 each. The sale was part of Alcatel's divestment programme, announced by Mr Serge Tchuruk, chairman and managing director, which is expected to bring in FFr10bn by the end of the year. AFX News, Paris

Snecma buys out subsidiary

Specma, the French aviation engine group, yesterday bid FFr625 each for all outstanding shares in its subsidiary Société Européene de Propulsion, in which it holds a 51.26 per cent stake, the French bourse authority SBF said. SEP shares, which have been suspended on the secondary market since October 23, will remain suspended until

ABN Amro arm in SA move

ABN Amro, the Dutch bank, said its securities subsidiary ABN Amro Hoare Govett, owned jointly with Kagiso Financial Services of South Africa, acquired a 40 per cent interest in South African stockbroker Huysamer Stals. ABN Amro also acquired a minority stake in Kagiso Financial Services, whose largest shareholders are N.M. Rothschilds & Sons and Kagiso Trust Investment company of South Africa. ABN Amro declined to comment on how the 40 per cent interest in Huysamer Stals is divided between ABN Amro Hoare Govett and KFS, or on how big a stake it is taking in KFS.

AFX News, Amsterdam

Dresdner confirms direct banking plans

By Andrew Fisher In Frankfurt

Dresdner Bank yesterday announced a 30 per cent rise in operating profits to DM1.89bn (\$1.25bn) for the first nine months and confirmed plans to open a direct banking operation next year.

The improved result was in line with the performance the halfway stage, although Mr Jürgen Sarrazin, chairman, said recently growth had slowed in the third quarter. The bank repeated its forecast that the full year's result would show a "marked double-digit" percentage increase. The shares fell 50 pfennigs to close at

much profit in the January-September period as in the full year. whole of 1995, when operating profits rose 22 per cent to DM1.99bn. The improvement reflects the first-time inclusion of Kleinwort Benson, the UK merchant bank

acquired last year. Commission remained buoyant, with a 42 per cent jump to DM2.82bn. alone lifted the bank's fee income by more than 25 per cent. Interest income was 8 per cent higher at DM5bn. Own-account financial trading profits were 15 per cent lower at DM456m, but the

already made nearly as realised would lead to a rise of at least 10 per cent for the

wort Benson pushed costs up 18 per cent to DM6.1bn; the rise would have been 5 per cent without the UK merchant bank. Loan-loss provi-sions were 10 per cent higher at DM857m - with further funds set aside for risks among medium-sized compareflecting strong securities nies – while profits from business. Kleinwort Benson securities in the liquidity portfolio rose 105 per cent to an "unusually high" DM605m. This followed sales of bonds and industrial shareholdings of less than 5

Mr Sarrazin said Dresd-

operation, to be run from Duisburg in the Ruhr region. would start in the second half of 1997 and offer attrac-The integration of Kleintive products and a high level of advice. Dresdner would give more details on

Monday. Deutsche Bank and Commerzbank opened direct banking operations last year - with Bank 24 and Comdirect respectively. Bayerische Vereinsbank launched Advance Bank in March, laying stress on investment advice and cash manage-ment. Citibank of the US also operates a direct bank in Germany.

Mr Sarrazin said Dresdner would push ahead next year

banking, making greater use for customer advice. He repeated the bank's goal of cutting its cost/income ratio to well below 70 per

 BHF-Bank was confident it could survive as an independent bank at a time of speculation about possible mergers in German banking, Mr Wolfgang Strutz, chair-man, said. Allianz, the insurance group, owns around 15 per cent of the bank, but does not regard this as a strategic holding. Mr Strutz said he was sure Allianz would not sell against the

bank's wishes. He was speaking after

The German bank has bank said profits yet to be ner's new direct banking with changes in retail announcing a 7 per cent rise in operating profits, to of technology to free staff DM258m, in the first nine months, with interest income up 5 per cent at DM568m and commission income 5 per cent higher at DM333m.

Own-account trading profits were flat at DM67m. Cost growth was kept at 5 per

Mr Wolfgang Strutz said medium-sized and specialist banks still had an important role to play in Europe. BHF-Bank, often mentioned as a possible takeover candidate, has been concentrating on investment banking and advisory business, and moving away from corporate

Polish

faces

five years ago.

builder

collapse

By Christopher Bobinski in Warsaw

Espepebe is Poland's first

listed company to face bank-

ruptcy since the revival of

the Warsaw Stock Exchange

Until yesterday, shares in

the troubled construction

company had fallen 45 per

cent since last week. Yester-

day, bargain bunters forced

The company is controlled

by the acquisitive Bank IG.

which took a strategic stake

in Bank Gdanski when it

was privatised at the end of

last year. Bank Gdanski and

Bel Leasing, a Bank IG sub-

per cent stake in Especebe.

sidiary, together hold a 22

The collapse in the share

price, which cut Espepebe's

market value from 12.4 zlo-

tys (\$4.4m) to 6.8m zlotys

followed an admission by

Mr Andrzej Hass, the new

managing director, that his company would go bankrupt

unless creditors agreed to

forgive 80 per cent of 35m

zlotys in debts. Mr Hass also

wants to renegotiate some of

Espepebe's loss-making con-

the stock up 10 per cent.

KNP upbeat on year despite third-term fall

By Gordon Cramb

KNP BT. the Dutch paper. packaging and distribution group, has maintained its full-year earnings forecast in spite of 67.2 per cent fall in third-quarter net profits to Fl 38m (\$22.5m).

When reporting interim net earnings of Fl 101m this summer, it said the second half should be "somewhat higher" than that. The company reiterated this yesterday, noting that the final three months of the year were traditionally its

This will require an aftertax result in the current quarter above F163m, compared with the F176m posted in the same period of

Although that was struck after a Fl 75m extraordinary official said. Whether this

time when paper prices cussed".

KNP declined to say

remained strong.

KNP, led by chairman Mr Frank de Wit, said yesterday "a first increase of paper prices" was achieved in the July-September quarter after a slide earlier this year left values for some grades near historic lows. The shares closed down Fl 0.60 at

Five weeks ago the group said it was seeking an indus-try partner for KNP Leykam, its paper division. It said it was halting new investment in the unit and implied it Fl 57m against Fl 39m, with would even consider leaving the sector.

Yesterday KNP sought to retreat from that position. Although it was seeking an alliance, "we still regard paper production as a core activity at this moment", an Office Products International charge to cover write-offs on left it with a minority stake

divestments, it came at a in the division "could be dis-

whether it was yet in talks with any potential partner. Leykam incurred an operating loss of Fl 7m in the latest quarter. This compares with profits of FI 108m a year earlier, but is a reduction from the Fl 17m operating deficit in the preceding quarter. "Although sales volumes were good, margins were still at a very low level." the company said.

Its packaging side produced operating profits of the increase attributed to stable raw material prices, better volumes, and cost reductions. But there was a dip at the distribution division, from Fl 61m to Fl 58m. The 70 per cent-owned BT contributed less than expec-



Frank de Wit: company still regards paper as core activity

Framatome chief attacks merger plan

By David Owen in Paris

yesterday hit out at proposals to merge the French nuclear plant and fuel manufacturer with the GEC Alsthom power engineering and transport equipment group. He warned the plans could pose a threat to the long-term survival of

France's nuclear network and engineering group, and and its ability to pursue an the UK's General Electric independent energy policy. Mr Jean-Claude Leny told synergy was in turbine man-

that a merger could harm of the group's activities. The head of Framatome co-operation with Germany on the replacement of Europe's existing nuclear power stations. He also suggested there

were few synergies between the activities of Framatome and GEC Alsthom, a joint venture between Alcatel Alsthom, the French telecoms Company. The only possible

sion of the French Senate accounted for only 3 per cent

The comments of the Framatome chairman, who is expected to stand down at the end of the year, came two months after it emerged that Alcatel and GEC were discussing the merger, which would create the world's second-largest power engineering group.

But the idea of allowing a

foreign company to take a stake in France's nuclear industry provoked much ufacturing, he said, and this criticism. Alcatel, which

owns 44 per cent of reactor - called a European Framatome, recently reached an agreement with other shareholders to retain

the world's largest nuclear plant builder if GEC takes an interest. Framatome has completed more than 60 reactors and was responsible for the atomic power programme which supplies France with 70 per cent of its electricity. In 1989, Framatome formed a

joint venture with Siemens

of Germany to develop a

pressurised water reactor for France and Germany, and for export. • France's privatisation majority French control of

commission is unlikely to pronounce on the French government's proposals to sell the Thomson defence and consumer electronics group to Lagardère until December or early 1997, Mr Jean Arthuis, French finance minister, indicated yesterday.

The process is expected to be a formality.

Nevertheless, the fall in the stock price, which left the Szczecin-based builder with a price to book value ratio of 0.45, has encouraged investors to buy into the company. Around 7 per cent of its equity changed hands yesterday and the day

before, when the share price was at its lowest.

Espepebe, which reported year, faces a deficit this year of 30m zlotys, according to Mr Hass. The company's problems stem from an aggressive marketing policy which sought contracts at any price, leaving no room for profit. This was coupled with ambitious and mismanaged plans for housing and shopping developments which further affected the

balance sheet.

Espepebe's situation contrasts with the performance of the WSE's other listed construction companies, which account for 6 per cent of the market's \$7.7bn capitalisation. The sector as a whole is reporting a price to

Strong economy lifts Den norske Bank

By Hugh Carnegy

strong Norwegian economy helped Den norske Bank, the country's biggest financial services group. to increase profits in the first nine months of the year, in spite of a slowdown in a recent trend of writing back provisions made against loan losses.

Pre-tax operating profits rose from NKr2.1bn to NKr2.2bn (\$346m) during the

Underlying earnings rise in lending to Norway's months fell slightly, from rowth was stronger, as important shipping sector, NKr3.19bn to NKr3.17bn. growth was stronger, as operating profits before write-backs grew from NKr1.73bn to NKr1.9bn.

The increase was helped by a near 4 per cent fall in operating costs, from NKr3.5bn to NKr3.36bn, as the bank reduced staff numbers by 470 to 5,627. The shares fell NKr0.30 to close at NKr21.10

But Mr Finn Hvistendahl, chief executive, said performance was lifted by strong

important shipping sector. and benefits from the takeover early this year of Vital, the insurance company. In the third quarter, operating profits before write-backs rose from NKr563m a year ago to NKr613m.

demand enabled DnB to sustain net interest income at almost unchanged levels from low tax charges resultdespite narrowing margins between lending and deposit interest rates. Net interest

DnB continued to show gains from write-backs of provisions made against • Christiania Bank, Norloan losses during the loanloss crisis of the early 1990s but at lower levels. Writebacks in the first nine The rise in lending months dropped from

NKr374m to NKr303m. The bank also benefited of the bank next year. ing from the carry-forward of previous tax losses sustained during the crisis. DnB

first nine months of just NKr17m. leaving net profits up from NKr2.1bn at

way's second-largest banking group, announced yester day that Mr Tom Ruud, former chief executive of the industrial group Aker, will take over as chief executive Mr Ruud will succeed Mr

Borger Lenth, who is to retire by mid-1997. The new chief executive parted comgrowth in the economy, a income in the first nine showed tax charges in the pany with Aker last month. | book value of 2.02.

US brewer leaves Budvar fighting for identity

Czech group faces marketing challenge after collapse of brand rights talks with Anheuser-Busch

the recent breakdown of a 20-year effort to resolve a dispute over the Budweiser name with Anheuser-Busch. the world's largest brewer. The US brewer recently aborted the talks, encouraged by its growing success and by court victories giving it a clear right to the Budweiser name it failed to gain at the negotiating table. It

pean countries - five in the past year - and has 27 cases With the legal tide running strongly against it, Budvar, based in Ceske Budejovice, the Czech town known as Budweis in the Austro-Hungarian era, will have to stop using the name Budweiser on its bottles, several of its international com-

has had nine wins in Euro-

petitors believe. "The advantages of an agreement have fallen away," said Mr Jack Purnell, chairman of Anheuser-Busch Anheuser-Busch is not International, the US brew-

er's overseas arm. "We have achieved undisputed access to Europe for Budweiser and Bud", its two main brand names. It will sell about 30m cases, pered in its efforts to perroughly 2.2m hectolitres of

Budejovicky Budvar, the beer in Europe this year, the Czech brewer, will have to start forging a the beer in Europe this year, up 25 per cent from last year and about five times greater new identity for itself after than Budvar's total exports. But meeting across a court room rather around a negotiating table will present both parties with commercial risks and costs, fellow brewers believe. Anheuser-Busch, for exam-

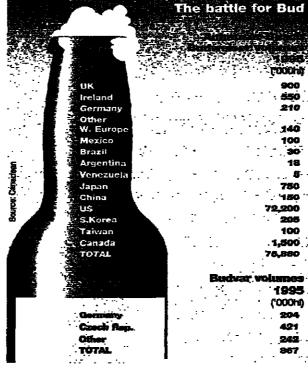
ple, recently pulled out of a \$145m Vietnamese brewing joint venture because Budvar registered the Budweiser name there in 1960. The US company said it was confident the country's trademark authorities would cancel Budvar's registration. For Budvar, global legal

proceedings could damp investor interest when it is privatised. The brewer is almost the only Czech enterprise still locked in the arms of the state. privatisation

"doesn't depend on [the trademark] discussion", says Mr Josef Lux, Czech agriculture minister. excluded from the sell-off, he adds, although it is unlikely to be considered while its threat of court action in Europe hangs in the air.

Anheuser-Busch was ham-

suade Budvar to settle by its



sheer size and by a conviction among Czechs that the giant wanted to "wipe [Budvar] off the face of the earth", as the brewery's general director. Mr Jiri Bocek.

1995 (FICCOC)

A 1911 agreement signed with Anheuser-Busch gave the Czech brewery rights to the Budweiser name in continental Europe, with the US company taking the rest of Busch, to try to break the

decades, however, the agreement has failed to accommodate the two companies' aspirations. Budvar gave increasing

prominence to the name Budweiser on its labels, arguing it guaranteed consumers a place of origin and quality much like France's appellation controllée system. Anheuser-Busch believed Budvar was just cashing in on the international brand name it had created. Anheuser-Busch at first

linked a trademark settlement to its taking a stake in Budvar. But it became clear that such an agreement was unacceptable, both politically - to the government and commercially, to Budvar, which insisted it did not need a foreign partner to help it market beer overseas. The US brewery dropped that tactic two years ago and

at the same time began piecemeal court action in various countries. The Czech brewer adopted a more pro-fessional and hardnosed approach to the trademark talks, hiring financial advisers to sketch its future and draw up privatisation plans. Last September, both sides met in St Louis, Missouri, headquarters of Anheuserthe world. Over recent deadlock But that attempt

estimates of the value of a settlement. The US company is understood to have offered Budvar \$200m for a new trademark agreement and a separate deal on the purchase of Czech hops. Budvar and the agricul-

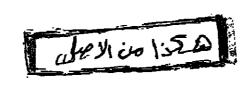
talks on the Czech side, is believed to have put a value on the settlement of \$1bn. Budvar also welcomed the end of the trademark talks, saying it had shown its ability in the

ture ministry, which led the

past five years to build up its own export sales. It has a strong position in the German market for imported beers and also sells in the UK, alongside US Budweiser. "At 450.000 litres of exports, the Budvar brand is only worth about £50m (\$81.5m) and the brewery itself another £25m-£30m.

says a competing international brewer. So successfully has Anheuser-Busch pushed the Budweiser name globally that "whoever buys Budvar has got to start afresh to build a new identity separate from the American Budweiser".

> Vincent Boland Roderick Oram



COMPANIES: EUROPE

EUROPEAN NEWS DIGEST

Strong result at SPT Telecom

SPT Telecom, the Czech telecoms group in which PTT Telecom Netherlands and Swiss Telecom have a 27 per cent stake, yesterday reported unaudited pre-tax profits of Kc5bn (\$223m) for the first nine months of 1996. Revenues jumped to Kc23.3bn with the addition of new customers through the expansion of the telephone network, and the company appears on target to achieve full-year revenues of Kc30bn. Costs were Kc17.3bn and net profit reached

Comparative figures with the first three quarters of 1995 were not available because the company this year adopted international accounting standards, which are different from the Czech standards it used in earlier years. SPT made pre-tax profits of Kc7bn on revenues of Kc26.4bn for

In the nine months 272,000 new lines were installed, and SPT said it was confident of achieving its 1996 target of more than 400,000 new lines. SPT had 2.67m installed lines at September 30. It is undertaking a big modernisation drive to expand its network and spent more than Kc20bn in the period, more than the full-year investment programme for 1995. Vincent Bolome

De Benedetti in dealing probe

Lawyers for Mr Carlo De Benedetti, former chairman of Olivetti, yesterday confirmed press reports he was under investigation by Turin magistrates for alleged insider dealing in shares of the troubled Italian information

technology and telecoms group.

Mr De Benedetti's lawyers also said be would shortly be presenting documents to Turin magistrates to refute any suggestions of insider trading of Olivetti shares. The investigation is understood to relate to events at the end of August just before the publication of Olivetti's accounts that were to reveal fresh losses of L440bn

In a separate development, Consob, the Italian stock exchange watchdog, is reported to have requested more information from Olivetti regarding some of its factoring activities and the valuation of the sale of a 14.7 per cent stake in Acorn, the UK-based software company.

SSAB hit by lower prices

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SSAB, the Swedish steel maker, posted profits after financial items for the first nine months down 44 per cent from SKr2.859bn to SKr1.603bn (\$245m). The results were slightly below expectations, but the shares closed up SKr0.50 at SKr96. Net profits fell from SKr2.093bn to SKr1.137bn and earnings per share from SKr15.80 to SKr8.90. Operating profits dropped from SKr2.618bn to SKr1.297bn on sales down from SKr14.08bn to SKr13.03bn. SSAB said it had decided to invest

SKr500m in its Plannia HardTech unit. Of this investment, SKr440m would be used to build a new production unit in North America and SKr60m to expand its existing plants in Luleaa in Sweden. SSAB reiterated its previous forecast that full year profits would be half of those reported in 1995. SSAB said steel prices had fallen since the fourth quarter of 1995 and continued to be pressured, which was expected to lead to additional deterioration of margins in steel operations in the fourth

quarter of the year. But it said there were signs that prices were now stabilising. The company said it expected fourth quarter deliveries from the steel operations to remain at approximately the same level as a year earlier, while deliveries from the trading and further processing operations were expected to be somewhat lower.

Mr Leif Gustafsson, chief executive, said 1996 was expected to be a tough year for the European steel industry, with steel consumption forecast to fall about 7 per cent and downward price pressures remaining. In the third quarter; he said price pressure on the company's steel products was limited to only 1 per cent compared with the second quarter, largely owing to an improved product mix. Prices in the nine-month period were about 12 per cent lower than a year earlier.

He said deliveries from SSAB's steel operations were largely unchanged, while volumes in the trading operations were around 5 per cent lower than 1995. Sales in the nine-month period fell to SKr13bn from SKr14bn with 8 percentage points of this attributable to lower prices and 2 points to lower volumes.

AFX News, Stockholm

KPN faces protest over TNT VKI, the association of Dutch courier and express delivery companies, has lodged a complaint with the European Commission alleging that KPN, the partially privatised

posts and telecoms group, is using profits from its postal monopoly to fund its planned Fl 2.7bn (\$1.6bn) takeover of TNT: the Australian parcels company. Brussels is due to rule next week on whether the deal, cleared yesterday by the Australian authorities, warrants further scrattiny. Mr Hans Koeleman, of Transport en Logistiek ...

Nederland, an industry grouping of which the 300-member VKI is part, said yesterday. "The takeover will intermingle its monopoly and non-monopoly activities. It will be too strong a competitor in the Dutch market." The association wants an end to KPN's sole right to deliver letters weighing less than 500 grammes – an idea to which KPN has said it is not opposed, as long as such deregulation happens EU-wide. PTT Post, its mail arm which also includes private sector parcel activities. brought in net earnings last year of Fl 541m. Gordon Cramb, Amsterdas

Spain urged to open telecoms

The board of the Unisource telecommunications alliance yesterday appealed to the Spanish government to open up its telecommunications market as soon as possible so that it could receive European Union approval. "If the Spanish telecommunications market is not liberalised, the Unisource operation won't be approved," Mr Lars Berg, chairman of the European group, said. The European Commission has said it will only approve the Unisource alliance if Spain opens up its telecoms market by January 1, 1998, waiving a five-year delay.
Unisource groups include KPN of the Netherlands, Telia

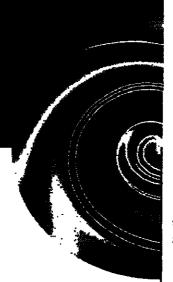
of Sweden and Swiss Telecom PIT. Telefónica, the Spanish group, has 25 per cent of the alliance. Once it is authorised, Unisource wants to conclude a joint venture with AT&T of the US to offer its service on a global. rather than European, level. "I can't emphasise anough how important the Spanish government's collaboration is [in this matter]," said Mr Berg. Brussels was expected to make a decision before of the World Trade Organisation meeting in Singapore in December.

Mr Juan Villalonga. Telefónica chairman, said the Spanish company's shares would suffer if its participation in Unisource was not authorised. The non-integration would have a negative impact of between 15 and 20 per cent on the share price of Telefónica," he said.

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LEGAL NOTICES

IN THE SUPREME COURT OF BERMUDA CIVIL JURISDICTION 1983: NO. 29

IN THE MATTER OF THE COMPANIES (WINDING-UP) ACT 1977 AND IN THE MATTER OF THE INSURANCE ACT 1981 AND IN THE MATTER OF DOVER INSURANCE COMPANY LIMITED-IN LIQUIDATION

NOTICE TO CREDITORS OF INTENTION TO DECLARE DIVIDEND

TO: All persons who (a) appear from the records of the company to have contract with the company AND (b) have not filed a proof of debt in the liquidation of the company

The Liquidator has previously notified you of the claims filing deadline established as March 31, 1991 and no claim was filed by you. Consequently, the Liquidator may proceed to distribute the dividend only to those creditors who have lodged proofs of debt within the filing deadline, unless (a) you lodge a proof of debt within 14 days of this notice and (b) you show just cause why the proposed dividend should not be deadland and said as proposed. declared and paid as proposed.

Dated this 1st day of November, 1996

Nicoletta J. Reiss, for and on behalf of Charles W. Kempe, Jr. Llouidator

COMMERCIAL PROPERTY

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Mr. le Président Directeur Général de la Compagnie Touristique Arabe 12, rue de Hollande - 1000 TUNIS - TUNISIA

b) The inner envelope should be sealed and should contain the documents relevant to the International tender mentioned in the specifications.

The final date for the receipt for the tenders has been set for January the 20th 1997.

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The Venworld Telecommu-

nications consortium ~ made

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Banco Mercantil and

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on November 21 with the pri-

the group has supplied data

mainly to marketing and

sales sections of pharmaceu-

tical companies, says Mr

René Derecque, president of

IMS International. He aims

to target research and devel-

opment departments and

"Everyone is looking to

regulatory affairs sections.

control healthcare costs,"

says Mr Weissman. "The

lubricant of efficiency is

information and there is an

explosion in demand for

such data. Nobody domi-

nates that, but we're in a

tenance organisations.

which increasingly control

to squeeze its US business.

healthcare budgets, threaten

r Weissman dis-

misses suggestions

that health main-

good position to do so."

Caracas sets CANTV reference price

By Raymond Colitt

The Venezuelan government yesterday announced the reference price for the sale of its 49 per cent stake in CANTV, the telecommunications company.

The price range has been set at \$3.071 to \$3.50 per share, or \$21.50 to \$24.50 per American Depositary Receipt. The sale, due on November 27, will raise up to \$1.01bn and will be the country's largest initial public

today does the

splits. The 155-year-

old information conglomer-

Two publicly listed compa-

nies - Cognizant and AC

Nielsen - are being created

through a tax-free special

dividend and start trading

today. The rump of Dun &

Bradstreet - Moody's and other credit services - con-

tinues as a separate entity.

The aim of the split, says

Mr Bob Weissman, the

vouthful 56-year-old former

chairman of D&B and new

chief executive of Cognizant,

is to enhance shareholder

value by allowing the com-

panies to preserve good strategies and make better

became increasingly difficult

because it was so diverse, he

explains. The company

included mature but highly

lucrative businesses such as

Yellow Pages and Moody's,

the ratings service: AC Niel-

sen, the barely profitable

data for the fast-moving con-

sumer goods industry; and

information group. Nielsen

Media Research, the televi-

sion audience measurement

service, and Gartner, the

auoted information technol-

"Look, the businesses had

very different positions and

needs," says Mr Weissman.

"Frankly, there were a lot of

tensions. Take AC Nielsen

have been on the same

planet, let alone in the same

that AC Nielsen was in a

Mr Weissman explains

ogy consultancy.

organisation,"

information group supplying

Managing the old D&B

ate is dividing into three.

A total of 289.4m shares will be offered, of which 50m are to be placed on the Venezuelan market. In addition to the 40 per cent share package being sold globally. try in Venezuela are favour-CANTV employees are being able, with a rapid economic

offered a 9 per cent stake. that the CANTV offering price could be affected by does not conflict with the the fact that its monopoly placing of other shares. "We ends in the year 2000. see a window of opportunity that favours the placement, this is the "first time that as there are no similar offer- international investors are ings by developing coun- analysing stocks placed by Poletto, head of Venezuela's

In contrast, IMS wanted to

expand through acquisitions.

But the shortage of cash

held back its ambitions, and the high dividend made

using stock issues expensive.

An effective acquisition pol-

in dividend, concedes Mr

Weissman. Cognizant, which

includes IMS. Gartner and

Nielsen Media Research, will

have a pay-out ratio of 8 per

cent: AC Nielsen will not

have a dividend; and the

D&B rump - essentially Moody's - will have a pay-

out ratio of 48 per cent. Mer-

rill Lynch, the US broker,

estimates the combined

quarterly dividends of the

three groups will be only 25

cents, against 66 cents

"The decision was made

easier because the rationale

for the old company had

come to an end," says Mr

Weissman, "Say, 15 years

ago, there were economies of

most of the divisions were in

the business of processing

meant they needed huge

investments in information

and communications tech-

"But the cost of computing

has fallen so much that the

paradigm for competition is

no longer scope and scale,

but speed. Size is no longer

an advantage - in fact it can be a liability."

Mr Weissman has chosen

nizant. IMS. Gartner and

Nielsen Media Research are

diverse businesses, but he

insists this is no problem.

scope and scale because

before.

rapidly growing operations large volumes of data. That such as IMS, the healthcare meant they needed huge

and IMS - they shouldn't to manage fast-growing Cog-

The split has meant a cut

icy was impossible.

un & Bradstreet, making that investment dif-

ficult to fund.

privatisation agency, Fondo de Inversiones de Venezuela. industry analysts say that growth prospects for the telecommunications indusrecovery expected. However, The government insists they say that CANTV's sale

Dun & Bradstreet opts for divorce

Break-up is seen as the best way to cater for the diverse needs of the business

share in CANTV. A road show by CANTV and FIV officials, scheduled to be launched today in According to Mr Poletto. Venezuela and Monday in Europe, precedes the opening of a three-week booksaid Mr Alberto the Venezuelan governbuilding process to conclude

Cognizant declares independence

privatisation is a measure of cing and placing of the the country's credibility". shares on November 27. The two global lead managers of the offering are investment banks Lehman Brothers and

SBC Warburg. The CANTV IPO marks the revival of Venezuela's stalled privatisation process, currently holds a 40 per cent which lacked political support and had run into bureaucratic problems during the first two years of the current administration. Mr Poletto said that the government now expected to raise some \$4.5bn over the next

CVRD net profits advance by 34%

CVRD, the Brazilian mining group preparing for privatisation in one of the biggest Offerings in Latin America, announced a 34 per cent rise in net profit in the nine months to September 30, to R\$280m (US\$272m) compared with R\$209m in the same period in 1995, agencies report from Rio de Janeiro. Earnings per share were R\$0.72 against R\$0.54 in the comparable period. The results were broadly in line with analysts' expec-

tations. Nine-month net revenue was up 1.5 per cent compared with the same period in 1995, which the company attributed to a continued recovery in steel prices. CVRD said the revenue increase came in spite of a 3.6 per cent drop in the volume of iron ore sold to foreign markets, which account for 70 per cent of the compa-

The lower iron ore sales to foreign markets were tied to lower European demand, according to Mr Anastacio Fernandes, company director. Total iron ore sales dropped about 3 per cent. Gross revenue from gold was up 0.8 per cent to

R\$153.2m. Revenues from CVRD's railway and port services were stable at about R\$437m. Railway revenues declined 1.9 per cent, while port revenues increased 6.3

CVRD said its tax bill dropped 16.4 per cent to R\$103m, largely due to the suspension of the value-added tax (ICMS) charged on its North System fron ore exports and South System pellets exports. The ICMS exemption saved the com-

pany R\$24m. The cost of products and services bought by the company declined 7 per cent, partly reflecting productivity gains derived from staff reductions

CVRD's privatisation is expected to raise about US\$6bn. The government hopes to auction 40 to 45 per cent of the company's voting shares in February 1997 before selling further shares to investors via a global offering.

This will be followed by an offer to employees of 10 per cent of the company's total capital (including 5.1 per cent of ordinary shares). A further 17 to 20 per cent of ordinary shares will be sold on Brazilian and overseas capital markets, proba-Paul Abrahams | bly by June 1997.

AMERICAS NEWS DIGEST

Data General ahead of forecasts

Data General reported stronger than expected earnings for its fourth quarter and year. The US mid-range computer manufacturer, which has been struggling for several years, attributed its results to a successful transition to new products.

Net income for the fourth quarter, ended September 28, was \$9.9m. or 24 cents a share. Wall Street analysts had been expecting earnings of about 19 cents a share. In the same period last year, the company reported net income of \$1.5m, or 4 cents. Revenues for the quarter were \$336.2m. up 7 per cent from \$312.8m in the same period last year.

Data General's new computer systems, based on Intel microprocessor chips, now represent more than 40 per cent of server sales, the company said. Revenues from storage systems also grew during the quarter.

For the year. Data General reported net income of \$28.1m, or 68 cents a share, against a net loss of \$46.7m. or \$1.23, in fiscal 1995. The 1995 results included a restructuring charge of \$43m as well as a pre-tax gain of \$44.5m from the settlement of litigation. Revenues for fiscal 1996 grew 14 per cent to \$1.32bn, up from \$1.6bn in

The year-results represent "a dramatic turnround for Data General" said Mr Ronald Skates, president and chief executive. Data General's shares were trading at \$14% in mid-session yesterday, unchanged from Wednesday's close.

Louise Kehoe. San Francisco

Horsham and Trizec to merge

Horsham and Trizec, two companies controlled by Canadian financier Mr Peter Munk, received shareholder approval yesterday to merge into Trizec Haan. North America's second-biggest quoted property group with

Mr Munk took control of Trizec, formerly owned by the Bronfman family of Toronto, in a big financial restructuring in July 1994 as the North American property slump ended. He also controls Barrick, the big international gold producer, partly through Horsham.

The new Trizec Haan will be an international property group with a portfolio worth more than US\$3.5bn including 50m square feet of commercial and office space in North America, principally the US, and a strong European base.

Trizec Haan stock will be traded on the New York, Toronto and Montreal stock exchanges. Horsham posted third quarter earnings of US\$53m, or 49 cents a share, against US\$14.1m, or 14 cents, a year earlier. Including special items, the latest quarter showed a loss of US\$3.2m. Trizec, hitherto 48 per cent held by Horsham, posted third-quarter earnings of US\$12.3m, or 11 cents, against US\$11.3m, or 10 cents, on revenues of US\$148m against Robert Gibbens, Montreal

Dofasco may raise dividend

Dofasco, Canada's biggest steelmaker, is considering raising its dividend or buying back shares following a strong profit performance this year.

The comapny, which specialises in flat rolled products for the car industry, earned C\$50.1m (US\$37m), or 58 cents a share, in the third quarter, up 10 per cent from C\$45.3m, or 52 cents, a year earlier. Nine-months profit was C\$127.8m, or C\$1.49, against C\$124.2m, or C\$1.45, a year earlier. Revenues were C\$2.2bn against C\$2bn.

Western Star hit by downturn

The cyclical downturn in North American heavy truck demand hit Western Star, the Canadian-based producer which owns ERF of the UK, in the first quarter of fiscal 1997. Net profit for the three months ended September 30 was C\$7.1m (US\$5.2m), or 56 cents a share, down from C\$12.3m. or C\$1.10, a year earlier, on revenues of C\$281m against C\$175m.

The quarter included extra cost for developing its new line of heavy trucks made in British Columbia. Lower throughout the industry, said Mr Drew Fitch, executive

Mitel advances to C\$16.5m

Mitel, the Canadian telecommunications equipment group, exceeded market forecasts with net profit of C\$16.5m (US\$12.3m) or 15 cents a share in the second quarter ended September 27, up from C\$15m or 13 cents a share a year earlier. Revenues were C\$169m against

Mitel, a PBX and semiconductor producer, has set record sales over the past two quarters partly due to buying a Swedish semiconductor plant last March. It is now moving aggressively into computer-telephone integration products. Robert Gibbens

highly competitive environterms of the end-market. The man. The aim is to expand ment. The right strategic important synergies are in IMS, which will account for move was to invest heavily value-added costs. All three about 60 per cent of Cogniin new services. But D&B's need significant technologi- zant's sales, geographically. dividend was absorbing 70 cal expertise, database man-IMS will also expand its

By Robert Gibbens in Montreal

Molson Breweries, the Canadian brewer, will continue producing Coors beer in Canada until June 30 1997. while the two companies try to solve a long-term licenc-

The dispute centres on the 1993 acquisition of 20 per restricted by Miller's place cent of Molson Breweries by Miller of the US, a competitor of Coors. Coors complained it was not consulted. and Miller's purchase broke the terms of Coors' licencing trol, and said it did not par-

agreement with Molson ticipate in any decisions Brewerles, which allowed relating to Coors. Molson Breweries to produce

Brewers try to solve dispute

Coors brands in Canada. Molson Breweries owned 40 per cent by Molson the licencing agreement. It Companies, a holding company, and 40 per cent by Foster's of Australia.

Coors feared that its success in Canada would be on Molson Breweries' hoard access to Coors' marketing strategy. Molson Breweries denied Miller exercised con-

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tions technology. There are a

Mr Weissman and his

team, which will be remu-

nerated mainly by the

group's share performance,

are ambitious for Cognizant

which has achieved a com-

pound annual operating

profit growth rate of 15 per

cent for the past five years.

through acquisition. "The

investment bankers are tell-

ing us we could fund \$1bn of

acquisitions without diffi-

culty - and that's just cash.

We could use stock as well."

acquisitions will be in

"It's misleading to think in healthcare, says Mr Weiss-

In the mid-term most

Not least it wants to grow

lot of shared competencies."

On October 18, a Canadian arbitration panel ruled that Molson Breweries did break ended the agreement as of April 1993, requiring Molson Breweries to face paying Coors its share of profits over 31/2 years.

Molson said its earnings would be reduced by C\$15m which would give Miller (US\$11m) for the October 1996 to June 1997 period. Both companies will continue talks to set up longer term arrangements.

Monsanto reaps benefit of genetic engineering

Robert Weissman

Research has huge opportu-

nities in monitoring the

Internet. And he intends

Gartner to achieve \$1bn

sales by the end of the

decade. "That's explosive. In

1990, it had revenues of just

dubious about the plan, not

least because of the dividend

cut. Despite well-received

road-shows, the shares have

fallen from \$63.13 since Jan-

uary 8, before the break-up

Over the same period the

shares bave underperformed

the S&P composite index by

20 per cent. Mr Weissman's

strategy may prove sound,

but he has his work cut out

to convince the markets of

was announced, to \$57%.

So far, the markets seem

\$60m," he says.

nesses.

US group prepares for new 'green revolution'

harvest this autumn, they able specialty chemicals will be reaping the benefits business. The divestiture, of change at Monsanto, the due to take place within the St Louis-based chemical and next few months, will leave pharmaceutical company.

first commercial fruits of a \$1bn, 15-year research effort to enhance common plants through genetic engineering. and Searle, the Chicago-Its transgenic sovabean. which was altered by inserting DNA from a common soil micro-organism into its genetic structure, resists Monsanto's own brand-name herbicide, and was available to farmers on a limited basis

Although official results are not yet in, first reports are that the transgenic seed yielded 20 per cent more than its conventional neighbours and required fewer applications of chemicals more than compensating growers for its premium

"rewired" seed is expected to give new legs to more than half of Monsanto's total operating income. The "Round-Up Ready" soyabean is also one of Monsanto's earliest entries in the race to control and commercialise the science that some believe will form the basis of

a new "green revolution". Monsanto executives predict that genetically-altered seed will become a \$6bn annual market within five years, as the world seeks ways to meet rising food demand while dealing with environmental concerns and \$41 this month (adjusted for the gradual exit of govern- a five-for-one stock split). ments from agriculture.

Mr Robert Shapiro, Monto bet the farm on the new

their near-record to spin-off or sell its profit-Monsanto in three busi-With this year's harvest, nesses, with agricultural Monsanto will realise the products by far the largest. The others are food ingredients (where the lead product is the Nutrasweet sweetener) based drug company.

Analysts say selling or spinning off the chemical unit will not bring new cash to the company, but will leave Monsanto with less debt, and with a high-growth business that requires very little capital investment. Mr James Wilbur, analyst with Smith Barney in New York, said over the longer term, it would not be surprising if Monsanto considered divesting either its drug or food ingredients units as well.

Chemicals accounted for 40 per cent of Monsanto's \$7bn revenues in the first nine months of this year, but generated just 20 per cent of Round-Up, the 25-year-old its \$1.2bn operating income herbicide that accounts for in the same period. Agricultural products, in contrast, generated \$731m in operating income from January to September, a 25 per cent rise from a year earlier.

Shareholders are enthusi-

astically buying into Monsanto's new "life sciences" image, although profits from the bio-tech business have barely begun to trickle in. Monsanto's share price has behaved more like an internet start-up than a chemical company, rising from \$18 two years ago to more than

As in any high-tech industry, Monsanto's success in crops. santo chairman, is prepared plant engineering depends on its ability to control pro-

hen US soyabean technology. Last month he prietary technology all the farmers complete announced Monsanto's plans way down the product way down the product stream and to get it into the fields at a premium price. Gaining regulatory and consumer approval for the

products outside the US where there is the largest potential for transgenic seed is central to their success. The company is learning this year that these approvals can be time-consuming and costly to obtain. At home. Monsanto has invested nearly \$750m in the

past 12 months to purchase or partner seed companies that will distribute the new genetic "software" to farmers. It now owns the world's second-largest soyabean seed company. Asgrow: has a majority interest in Calgene the California company that has leading transgenic patents for tomatoes and for higher-oil content oilseeds; and has a substantial interest in DeKalb, the secondlargest maize seed company in the world.

While analysts agree Monsanto has the dominant position in the plant gene-transfer business, it is just one in a gathering of global giants. Its competitors include Novartis, (the result of the merger between Ciba-Geigy and Sandoz); AgrEvo, a consortium formed by Hoechst! Roussel Uclaf and Schering, and Dow Elanco, a joint venture between Dow Chemical and Eli Lilly.

Mr Sano Shimoda, analyst with BioSciences Securities says: "What we will soon have is an agriculturalindustrial complex based on strategic relationships between these firms." which will cover seed and chemicals distribution and even processing of transgenic

Laurie Morse

BENETTON GROUP S.p.A.

Via Villa Mineli, 1; a stock capital of Lit. \$7.276.882.500: registered at No. 4424 of the Treviso Company Register.

Half-Year Report January-June 1996

Notice is hereby given that Benetton Group S.p.A.'s Half-Year Report on the Company and Group performance as of June 30, 1996 may be obtained on request from:

the Company or the Stock Exchange Council in Milan.

SINO LAND COMPANY LIMITED (a company incorporated in Hong Kong with limited liability) US\$200,000,000 5% Convertible Bonds due 2000 (The "Bonds") NOTICE TO BONDHOLDERS

The Directors of Sino Land Company Limited ("the Company") on 1 October, 1996 proposed a final dividend of HK\$0.12 per share (with an option for scrip dividend) for the year ended 30 June, 1996 to shareholders whose names appear on the register of members on 22 November, 1996. This final dividend is payable on 20 December, 1996. This final dividend is subject to the approval of shareholders of the Company at the Annual General Meeting to be held on 22 November, 1996. The dividend warrants will be despatched on or about 20 December, 1996.

The register of members of the Company will be closed from 18 November, 1996 to 22 November, 1996 (both dates inclusive). Registered holders of existing Bonds who wish to exercise their conversion rights attaching to their Bonds so as to be entitled to the seld various rights attaching to their Bonds so as to be entitled to the said final dividend should lodge the properly completed and signed conversion forms together with the bond certificates with their Agent so as to reach the Company before 4.00 p.m. (Hong Kong time) on 22 November, 1996.

By Order of the Board Eric Ip Sai Kwong Hong Kong

1 November, 1996

By: Crobank, N.A. (Corporate Agency & Trust), Agent Bank CITIBANC

Application has been made to the London Stock Exchange for the whole of the ordinary share capital of The Britt Allcroft Company, issued and to be issued, to be admitted to the Official List of the London Stock Exchange. It is expected that admission to the Official List will become effective and that dealines in the ordinary shares will reced that admission to the Official List will become effective and that deals intence on a November 1996. The Britt Allcroft Company plc Sponsored by Price Waterhouse Corporate Finance

Underwritten by Charterhouse Tilney Securities Limited

8,525,693 ordinary shares of 10 pence each at 130 pence per ordinary share

Share capital following the placing

issued and fully paid ordinary shares of 10 pence each 23,505,160

The principal activities of The Briti Alleroft Company are the creation or acquisition, production and lice ment characters for a worldwide family audience. A document relating to The Britt Alleroft Company, comprising a prospectus and lesting particulars as stated, has been published and will be available, for colliction during normal business hours, for two business days from the date hereof from the Company Announcements Office, London Stock Exchange, London Stock Exchange Tower, Old Broad Street entrance, London EC2N 1HR and during normal business hours on any weekday (Saturday, Sunday, and public holidays excepted) from the date hereof up to and including 15 November 1996 from:

The Britt Allcroit Company pic A Grossertor Square Southampton SO15 2BE

Chanerhouse Tilney Securities Limited

1 Paternoster Row London EC4M TDH

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COMPANIES AND FINANCE: UK

Shell disappoints in third quarter

Royal Dutch/Shell, the Anglo-Dutch oil group, reported third quarter earnings below market expectations yesterday, after restructuring charges and

exploration write-offs. Net profits fell to £1.12bn (\$1.82bn), against £1.20bn, in strength of oil prices in the the three months to September 30, on a replacement cost basis and excluding exceptionals items. This was Shell's chemicals trading

tives to make

use divided

it in dancier

for (\$10.58

their highest level since the in its refineries businesses. Gulf war. The shares fell 15p to

£10.05%p after a strong run in recent months. Mr John Toalster, sector analyst at Société Générale Strauss Turnbull, said:

These figures are somewhat disappointing given the quarter." Analysts had expected

continuing difficulties in despite oil prices reaching arm and squeezed margins

Like its chief rivals world-

wide, Guardian of the US and St Gobain of France,

Pilkington has been battling

against a combination of falling prices and insufficient capacity utilisation in

Europe since the beginning

Prices of commodity build-

ing glass in this market, have fallen 25 per cent.

comes on stream.

mainly from the US.

preliminary hearing in the

US Supreme Court today on

the "Georgine Settlement", a

class action setting fixed

payments for sufferers of

T&N has warned it would

asbestos-related diseases.

upheld an earlier ruling that

of 1995.

Crack in glass

prices knocks

the second half of the year." months to September 30.

Turner & Newall was one of have to double this year's

the UK's largest asbestos asbestos provision to about

companies, has appointed £100m if the Supreme Court

ways of capping its exposure the settlement did not con-

to compensation claims - stitute a class action.

Pilkington

A Europe-wide slump in prices for building glass knocked first-half pre-tax profits at Pilkington down 28

per cent to £75m (\$122.3m).

The slide came despite a

strong performance in the

US, especially on the auto-

motive side, and notwith-standing some £35m of bene-

fits from an aggressive

cost-cutting drive launched

the shares closed at 171p, up

1½p. Sir Nigel Rudd, the chair-

man, said: "We would expect

T&N, the engineering group

and former asbestos pro-

ducer, has stepped up the

search for possible insurance

cover against its asbestos

The company, which as

specialist brokers to explore

Reinforced by

By Tim Burt

habilities.

However, there was some surprise over the cost of up to \$50m (£31m) for restructuring in Malaysia, where there had been 600 redundancies. Shell also wrote off exploration costs of £222m. some 54 per cent higher than last time,

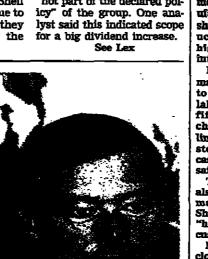
Analysis' forecasts for 1996 profits range from £5.2bn to £5.8bn. Exploration and production earnings provided the

£599m. This was mainly due to higher oil prices, but was helped by increased oil production, gas sales outside the US and lower costs. In the US, exploration and production earnings more than doubled to £155m.

Oil prices averaged \$20.90 a barrel in the period, up 23 per cent on the year. Shell expected them to continue to be volatile, although they had been "robust" in the biggest fillip in the quarter, fourth quarter.

operating activities was £500m lower than last time. However, Mr Henry Strick, head of investor relations, said this was due to a change in the accounting treatment of short-term debt.

The group had net cash at the period end, a position which Mr Strick said was "not part of the declared pol-



Nigel Rudd, right, with Boger Leverton - expecting an improving trend in the second half

Price weakness in Europe is being compounded by the loss of traditional export Mr Roger Leverton, chief accelerate the restructuring markets in the Middle East executive, said that since unchanged dividend of 1.75p. and Asia as capacity there June, Pilkington had been able to increase its selling prices from DM4.5 to DM5.5 As a result, operating profits from its European building products businesses fell per sq m. But capacity utilisation in its European plants to see an impoving trend in 40 per cent to £42m in the six is running below 90 per cent.

T&N steps up asbestos cover search

If the court decided to

payment system would

remain in place until formal

hearings begin next year. But if the case is thrown

rise in personal injury

claims in the US. A decision

In the meantime, T&N has

is expected early next week.

formally asked brokers -

thought by some analysts to

of the business, Mr Leverton said. It also plans to export 50,000 tonnes of glass, about a third of the annual production of one of its float plants, from Europe to the US dur-ing the second half to help The company is seeking to meet strong demand there.

has told institutional inves-

were relatively modest. Even

out, T&N would face a big if it decides against taking made it clear he is deterrise in personal injury such cover, it has vowed to mined to put the issue

inform shareholders before

the year-end about its plans

to resolve the uncertainty

In the past 10 years, T&N

surrounding asbestos.

be Sedgwick - to draw up has paid out more than

insurance proposals to £350m (\$570.5m) to settle

. The US business achieved ures include a strong perfor-

operating profit of £36m (£28m) during the first half on sales of £393m. The figmance by the US automotive business, which is benefiting from earlier cost-cutting

shares this year, which have

up '4p. Sir Colin, 63, has

behind T&N before standing

down as executive chairman.

tors that it was pressing

ahead with its stalled take-

over of Kolbenschmidt, the

German pistons maker.

T&N has also told inves-

reduce future asbestos costs. claims. Fears of further pay-

tors T&N would not take up fallen from a peak of 187p

cover unless the premiums and closed yesterday at 128p,

Sir Colin Hope, chairman, outs have undermined the

Turnover for the 26 weeks to August 31 rose by 11 per cent to £117.1m. Retail sales which represent all sales through Body Shop's 1,436 outlets worldwide, both owned and franchised - rose by 13 per cent to £275.5m. Losses in the US rose by \$1m to \$3.4m. Mr Roddick said the recent appointment of Mr Steen Kanter, a retailer with experience of the US market, to head the division was expected to bring significant benefits to our US retail business". The shares rose 4½p to

See Lex

Product shake-up at Body Shop

By Peggy Hollinger

Body Shop, the environmentally-led cosmetics manufacturer and retailer, is to shake up its range of products in a bid to attract higher spending customers into its shops.

Mr Gordon Roddick, chairman, said the group planned to cut its range of green label products by about a fifth, eliminating the cheaper non-contributing lines. "The stores are overstocked like an overnight case that is overflowing," he

The revamp, which would also include new store formats, was part of Body Shop's strategy to chase the "higher average transaction

customer", Mr Roddick said. Meanwhile, the group was close to concluding its eightmonth search for a non-executive director to strengthen the board, Mr Roddick said Body Shop was keen to get someone with relevant experience. "If all we wanted was a non-executive director we could have gone out and chosen a large orang-utan and put him on the board," he said.

He was speaking at the group's interim results meeting, where the group announced a higher-than-expected 11 per cent jump in pre-tax profits to £11.8m

(\$19.2m) in spite of increased losses in the US.

LEX COMMENT

Having been out-bid for both Copthorne Hotels and Marriott hotels in the UK, Marriott hotels in the UK. Share price relative to the FTSE All-Share index that Stakis would offer a full price for Metropole. So Lonrho has done well to pursue a trade sale rather than a flotation. Nonetheless, Stakis has not been goaded by previous failures into an unjustifiable deal – a common pitfall. Stakis has to add about £3m to profits to make the deal earnings enhancing in the first year, and most of

that should come from

removing head office costs and streamlining management. Metropole focused on its highly successful conference business, achieving low occupancy levels but high room rates. So Stakis should boost revenues by bringing in a broader spectrum of customers. The group has committed itself to achieving a 13 per cent post tax return on capital, and it has delivered in the past. Furthermore, the hotels are already in good shape, so Stakis can use its remaining financial muscle to invest in higher-return casinos and health clubs.

The deal may not excite short-term profits, but it increases the group's clout in a hotel market where demand is out-stripping supply. On a ratio of enterprise value to cash flow, Stakis has sunk to the bottom of the range in a UK hotel sector that has got indigestion from a surfeit of flotations. But it is too early for investors to worry about the next downturn in demand. And even for those of a nervous disposition, Stakis' management has earned a better rating against its peers.

Stakis confirms Metropole deal

Stakis yesterday confirmed the acquisition of Metropole Hotels from Lonrho for £327m (\$533m) increasing the number of rooms in its portfolio by 50 per cent.

The hotel group will fund the deal through a 4-for-7 rights issue at 82p a share to raise £222m, with the remainder coming from increased borrowings. The news, widely anticipated by the market, left the shares 1p higher at 991/ap.

The five four-star hotels in the Metropole chain - in London, Brighton, Birmingham and Blackpool - will add 2,266 rooms to Stakis's portfolio of 5,500.

Metropole made operating profits of £23.7m last year on turnover of £75.7m. Average room occupancy was 68 per cent and the average room rate was £65. Stakis has a 78 per cent occupancy rate.

Group gearing will rise from about 38 to 48 per cent on completion of the deal. Lonrho said the proceeds would cut debt. The disposal would involve a 258m surplus over book value, and a £145m goodwill write-off.

The group said discussions over the sale of the Princess international hotel chain were continuing. Analysts expect a deal to be announced shortly with Prince Al Walid, the Saudi Arabian businessman.

Discovery stance upsets Premier

The move coincides with a review the case, the fixed

Jane Martinson in London

Premier Oil, the UK-based oil independent, said yesterday that it was "disappointed" with the reaction of Discovery Petroleum, the Australian oil and gas group, to its increased A\$106.5m

Discovery directors said the revised offer, 14 per cent higher than the original, still undervalued the company.

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RESULTS

Premier would now "wait

and see". The revised bid falls within the 77-95 cents a share valuation range determined by Grant Samuel, which was called in to provide a fresh valuation of Discovery's assets.

Discovery

(29) (1.36) (1.254) (2.34) (0.155) (0.768) (1.07) (15.8) (-)) (6.51) (0.779) (1.369) (2.06) (2.06) (2.06) (2.06) (3.04)

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By Nikki Tait in Sydney and executive, said the 10 cents were still reviewing the new Mr Steve Lowden, a Preincrease to 80 cents a share terms. Discovery also mier director, said the was a "very fair offer", and revealed that Oil Search, higher offer was justified by

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(-) (0.324) (0.493) (0.032)

14,91L 0.006L 0.07L 1.65L† nll 18.1†

2.74L 1.34L 2L 8.43 0.14L1 4.5L1 3.21 4.7L 12.91 48.51

1,93 0,22 1,52 0,3

(-) (0.88) (4.37) (0.11)

pointed out that the revised bid was "significantly." However, Mr Charles below the mid-point of that Jamieson, Premier's chief range, but added that they

0.896L♠ 0.084L 0.08L 0.697L♠ 0.003 2.74

2.74 0.823L 2.68L♠ 0.263L 0.274 0.218L 7.5♣ 0.361L 7.5♥ 0.126 3.55L♠ 18.3L

0.028 0.081 0.32

another Australian oil group, which bought a 10.1 ner cent stake in Discovery after the Premier offer was

announced, was reviewing the additional information. Oil Search has not ruled out the possibility of a rival offer. The company, which operates mainly in Papua New Guinea, has claimed that its purchase was driven by a desire to diversify and not by the Premier bid.

Current Payment (

14.1₹

a "greater understanding of Discovery's assets". Mr Low-den declined to say whether the latest Premier bid would

The offer needs a minimum 50.1 per cent accep-tance level. The deadline has been pushed back one month to December 11.

Discovery shares rose three cents to 80 cents, while in London Premier shares eased 40 to 32%p.

Total basi

4大 8.4 4.5

0.43

7.8

These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons except in accordance with the resale restrictions applicable thereto.

UE These securities having been previously sold, this announcement appears as a matter of record only. OCTOBER, 1996 NEW ISSUE



The Metropolis of Tokyo

U.S.\$250,000,000

71/8 per cent. Guaranteed Bonds due 2006

unconditionally and irrevocably guaranteed as to payment of principal and interest by

JAPAN

Issue Price 99.98 per cent.

IBJ International plc

Fuji International Finance PLC

Goldman Sachs International

Paribas Capital Markets

Merrill Lynch International Tokyo-Mitsubishi International plc

CS First Boston DKB International

Morgan Stanley & Co.

Deutsche Morgan Grenfell J.P. Morgan Securities Ltd. Nikko Europe Plc

SBC Warburg

UBS Limited

SINO LAND COMPANY LIMITED (a company incorporated in Hong Kong with limited i US\$200,000,000 5% Convertible Bonds due 2000 (The "Bonds")

NOTICE TO BONDHOLDERS The Directors of Sino Land Company Limited ("the Company") on 1 October, 1996 proposed a final dividend of HiCSO.12 per share (with an option for scrip dividend) for the year ended 30 June, 1996 to sh opposition acress or transport on the register of members on 22 shareholders whose names appear on the register of members on 22 shareholders, 1996. This final dividend is payable on 20 December, 1996. This final dividend is subject to the approval of shareholders of the Company at the Annual General Meeting to be held on 22 November, 1996. The dividend warrants will be despatched on or about 20 December, 1996.

The register of members of the Company will be closed to November, 1996 to 22 November, 1996 (both dates inclusive). Registered holders of existing Bonds who wish to exercise their conversion rights attaching to their Bonds so as to be entitled to the said final dividend should lodge the property completed and signed conversion forms together with the bond certificates with their Agent so as to reach the Company before 4.00 p.m. (Hong Kong time) on 22 Magnetishes.

By Order of the Board Eric ip Sai Kwong

By: Chibank, N.A. (Corporate Agency & Trust), Agent Bank

CITIBANCO

Wace share price halves on warning

yesterday almost halved in value after the UK printing company issued its second profits warning in six months and announced the sale or closure of several printing plants, writes Tim Burt

The company saw its shares tumble from 134%p to 69%p, compared with a 12-mouth high of 284p, after t warned the £13.4m cost of withdrawing from low margin activities would push it into loss. Wace, the world's specialist, had been expected to report pre-tax profits

Yesterday, however, it said sales growth had failed to materialise and operating profits would be well below expectations. The announcement follows a similar warning in May, when it was hit by destocking. higher raw material costs

In a bid to stem the decline, it announced plans to close its Glasgow plant and its small New York printing site. It will also sell its US print businesses in and seek a buyer for its

Earnings shown basic. Dividends shown net: Figures in brackets are for corresponding period. Vinctudes 10p special. Askin stock, Askin exceptional charge. Value exceptional cradit. \$40 special interim was paid in July. *Toreign income dividend. Airish currency. Ton increased capital. \$USM stock. Ti Net income after special cradits. *Earnings for Royal Dutch R 13 (R 10.95). **DAt placing. ## Comparatives for 48 weeks. **At March 31.**

and price pressure. largest pre-press printing Grand Rapids and Memphis Dutch printing operation.

Brussels announcement lifts Europe's high-yielders

Emu 'likely to be positive' for member countries' ratings

GOVERNMENT BONDS By Richard Lapper and Richard Adams

in London, and Lisa

Bransten in New York The European Commission's ing German bunds and selldecision formally to back ing BTPs. Nevertheless, the France's controversial deficit EC announcement "had an reduction measures buoyed high-yielding European ers and brought hope back bonds, ending the jitters into the convergence which have dogged these trades", he said.

Spanish bond markets also

both outperformed on expectations that both countries will have further scope to reduce fiscal deficits in order to meet the Maastricht criteria for monetary union.

At Liffe, Italy's December BTP contract gained 0.78 to settle at 123.48. In the cash market, the yield spread over Germany - as mea-sured by the J.P. Morgan MEUR table - fell from 217 to 214 basis points.

Mr Alex Cooper, manager with Tullett and Tokyo, said that at Liffe there had been fresh - mainly domestic buying of BTP contracts, although some US investment banks were still buyeffect on all the high yield-

Italian and Spanish bonds had a good day, with the 10-year December bono gaining 0.62 at Meff to settle at 107.28. In the cash market the 10-year spread over bunds narrowed by 7 basis points to 179.

Ms Phyllis Reed, European bond strategist at BZW, said the decision had helped push convergence trades a bit further with yield spreads over Germany likely to narrow. "There is a good reason to

points in Italy," she said.

German bonds also made at 99.60, up 0.12. In the UK, the fall-out ing 4 points against bunds.

European Monetary Union is likely to be positive or at worst neutral for the tries of triple A domestic currency the union had been established, the

credit ratings of member countries, credit ratings.

Emu area would be awarded its own according to IBCA, the European rat
Mr Christopher Huhne of IBCA esti
triple AAA rating. Member governaccording to IRCA, the European rating agency, writes Richard Lapper. mated that gains stemming from lower ments would not be automatically Sharp falls in borrowing and debt ser- interest payments would be particu- rated AAA because, although they vicing costs, reflecting the fall in bond yields, would be the main benefit, and larly large for Spain, Portugal and yields, would be the main benefit, and larly large for Spain, Portugal and would have the power to tax in euros they would be unable to print money.

In the near term people will pected interest rate cut constant talking about 150 basis tinued to subdue volume and 109 g. Its yield was up 3 basis round. points in Spain and 200 basis prices in the gilt and money points to 7.73. markets. Long gilt futures French bonds also gained fell for the second day on ground with the yield spread Liffe in London. After reachof German bunds over OATs ing a high of 109-29, the conwidening out by a 2 basis

tract settled at 109.10, down points to 4. At Matif the December OAT future from 109.17. In the cash market, the benchmark 10-year points to 7.62 per cent, fall-

Trading in sterling interest rate futures was also quiet, with the December 1996 falling 0.3 to 93.71 and January 1997 contracts fall-

gained 0.22 to settle at 126.44. gilt drifted lower in light the month meant that liquidtrading to 99%, a fall of ity in the money markets gains, with the 10-year $\frac{1}{2}$ from 99 $\frac{1}{2}$ the previous was tight. The Bank of December contract settling day. The yield rose 3 basis England forecast a large shortage by recent standards of £1.5bn for the day, of

Rmu area would be awarded its own

entre de la companya Entre de la companya de la companya

But by the afternoon round the clearing banks' desire for cash saw the shortage met by £1.214bn supplied in a 5% November 15 repo.

ing 0.4 to 93.52. Mr Philip Shaw, of Union The approach of the end of Discount in London, said the money markets were still adjusting to the interest rate change. "In practice it usually takes time for the larger players to assess the market," Mr Shaw said, adding The price of the 9 per cent which only £215m had been that there was a shortage of cent.

bank bills on offer, because them on their books at the end of the month.

US Treasury prices recov-ered Wednesday's losses, but held within a narrow range as economic data provided little new information about the direction of the economy and traders waited for figures on October employment, which are due out

today. At midday, the benchmark 30-year Treasury was ≟ stronger at 100∰ to yield 6.678 per cent, while at the short end the two-year note rose 1 at 100%, yielding 5.757 per cent. The December 30year bond future added & to

Personal income rose 0.6 per cent in September, due out today, showed midlargely in line with economists' expectations, but remained flat in October, but consumer spending was a sharp drop in the prices weak, advancing just 0.1 per

The low rate of consumpinstitutions needed to keep tion did little to comfort the market, as it was hinted at in the weak consumption figure in the third-quarter gross domestic product figure released yesterday.

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Instead, the increase in earnings led many economists to speculate that consumer spending might lead to stronger economic growth in the fourth quarter. Ms Cheryl Katz, a senior economist at Merrill Lynch, said: "We believe that consumer pending will pick up in the fourth quarter, but remain subdued.'

Figures from the Chicago Association of Purchasing Management, which are widely viewed as an indicator of the national figures western business activity index did provide some comfort to the market.

NatWest offering warmly received

push the spreads in further. from Wednesday's unex-

INTERNATIONAL BONDS

By Samer Iskandar

When NatWest Markets yesterday launched its longawaited corporate loan Securitisation, other banks were surprised and disappointed to be told by the lead manager that it could spare no paper. After all, the 11 classes of notes amounted

But in spite of its size, the deal was almost entirely preplaced by NatWest, the book runner, with help from six

co-lead managers. The Rose Funding notes of National Westminster Bank, repackaged into tradeable securities - bonds backed by an asset. The deal a higher yield. is the first securitisation of

Markets handled the place- NatWest official. "We could was aimed at Asian inves- Depots et Consignations, ment of 97 per cent of the amount, leaving the equivalent of \$180m to be sold by

the co-leads. Traders said the deal was warmly received in the market due to extensive prelaunch marketing, with bids on the dollar-denominated thereby allowing investors notes reportedly totalling to choose from a large array almost three times the

\$2.1bn on offer. Bankers in London also pointed out the geographical diversity of demand, with a marked preference by US investors for the most senior

 Class A1 - notes, offered to "qualified institutional represent roughly one-third buyers" under SEC rule of corporate loans to clients 144a, while Asian buyers were said to be more attracted to the subordinated Class A3 paper, which offers

"We were very pleased

soon be back in the market." were of a quality equivalent to a double-A rating, some of in Singapore. Bankers said the Rose securities have up to half the amount could lower grades. This was done by attributing different lev-

els of seniority to the notes.

of risk/return ratios. Elsewhere, Greece issued DM1bn of 10-year bonds offering 80 basis points over the equivalent bund. Merrill Lynch, joint lead manager with DG Bank, admitted that the pricing was "ambitious". but said the paper was nonetheless well received, with preferential tax treatment favouring sales in Germany

Deutsche Pfandbrief, an active borrower in recent days, also raised DM1bn yes-

and Austria.

tors. Although it follows the Although all the loans traditional German issuance procedure, the issue is listed end up in Asia - roughly equally split between Japan and other markets - against

> £150m add-on to an existing rates favoured issuance in five-year deal by Abbey 12 years while investor National. Deutsche Morgan Grenfell, the lead manager. said that although supply of sible for recent flascos. This sterling bonds had been abundant in recent weeks, seemed to be fading. there remained a shortage in the five-year area.

trasted with recent difficult launches in the French market, "because it fills a gap", jumbo issue by several Gerits kind in Europe. NatWest with how it all went", said a terday. The issue, however, according to Caisse des

ioint lead manager with

Although Bayer Hypo had already tapped the French market, CDC said this was its longest maturity yet, which meant "dealing with a brand new set of investors' between 20 per cent and 40 - mainly French insurance per cent for traditional euro- companies. Observers pointed out that a distortion The sterling sector saw a in the market, whereby swap

One syndicate official in Paris said: "there are quite A FFr1.5bn issue by Bayer- a few borrowers lined up, ische Hypothekenbank con- but I am not sure demand will follow."

demand was concentrated in

10 years, was partly respon-

anomaly, however, yesterday

Bankers also said a new man Länder was expected.

1 Up to 5 years (21) 2 5-15 years (19) 3 Over 15 years (8) 4 Irredeemables (6)

6 Up to 5 years (2) 7 Over 5 years (10) 8 All stocks (12)

FTSE Actuaries Govt. Securities

149.30

166.52

121.45 149.49

168.78

Oct 31 Oct 30 Oct 29 Oct 28 Oct 25 Yr ago High* Low*

Govt. Secs. (URC) 98.89 83.88 83.90 94.14 94.27 94.14 96.34 91.59 Gift Edged bargains Fixed interest 115.35 115.45 115.51 115.56 115.50 112.42 116.45 110.74 5-day average O FTSE International Ltd 1898. All rights reserved. * for 1996. Government Securities high since complication: 127.4 (03/01/high since complication: 127.4 (03/01/high since complication: 133.57 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Flood Interest

3.79

8.04 5 yrs 9.09 15 yrs 9.83 20 yrs 8.83 tred.† 8.04

Up to 5 yrs Over 5 yrs

New internation	nal t	ond	issue	S						
Borrower	Amount M.	Cetapon %	Price	Meturity	Fees %	Spread bp	Book-runner			
E US DOLLARS			• ••		· · · · · ·		- · · .			
R.O.S.E. Funding(a)‡Cls A1a	750	(a1)	100.00A	Nov 2001	0.10R	-	NatWest Markets			
R.O.S.E. Funding; Cls A2a	750	(a2)	100.00R	Nov 2001	0.19R	-	NatWest Markets			
R.O.S.E. Funding: Cls A3a	500	(a3)	100.00R	Nov 2001	0.23A	-	NatWest Markets			
Dormitory Authority NY(g)	774	(g)	_ (g) _	(d)	_(g)_	-	Lehman Brothers Morgan Stanley Inti			
Norwest Corp‡	300	(b)	99.91R	Nov 2001	0.20R 0.25R	8(63×96-01)	SBC Warburg			
GECC	250	6.25	99.77R	Nov 2001	9.23h	0(02/2010)	age wantey			
M D-MARKS										
Helienic Republic	1bn	6.75	99.70R	Nov 2008	0.50R	80(4/06bund)				
DePfa	1bn	4.75	98.67R	Nov 2001	0.257	5(81496-01)	Cmrzbni/Memil/Morgan			
Deutsche Hypothekenbank	1bn	4.00	99.53	Nov 1999	0.19	-	ABN Am/Dred/Hlba/UBS			
Aligemeine Hypthkobank(s)‡	500	(c)	100.19	Nov 2006	0.20	-	Deutsche Morgan Granfall			
Colombiat	275	(d)	99,92R	Nov 2001	0.63R	. •	Dautsche Morgan Grenfell			
■ STERLING				11 Table 11						
R.O.S.E. Funding(alt)Cls A1b	600	(a4)	100.00R	Nav 2001	0.10R	-	NatWest Markels			
R.O.S.E. Fundingt Cls A2b	600	(a5)	100,00R	Nov 2001	0.19A	-	NatWest Markets			
R.O.S.E. Fundingt Cls A3b	600	(a6)	100.00R	Nov 2001	0.23R	-	NatWest Markets			
Abbey Ntnl Treasury Srv.(e)	150	7.13	99.07FL	Mar 2001	0.25A	17(8%-00)	Deutsche Morgan Grenfell			
E FRENCH FRANCS			•		•					
Bayer Hypothekenbank	1.5bn	6.13	99.65R	Dag 2006	0.35R	+22(1)	BZW/CDC			
Nederlandse Watrschosbnk	tbn	6.00	99.20R	Nov 2006	0.33R	+15(i)	ABN Amro Houre Govett			
E TTALIAN LIRE		· • · · · ·			.,					
BGB Finance Ireland	250bn	ZBTO	88.73	Nov 1998	1.25	_	Caripio/IMI Luxembourg			
BayerVB	200bn	B.15	99.90R	Dec 2006	0.208	-	Credito italiano			
Deutsche Finance Nthrind(f)	120	zero	undlec	Oct 2006	undisc	-	Deutsche Morgan Graniell			
AUSTRALIAN DOLLARS					-					
	-	0 504		Nov 2000	undisci	-	Kokusai(Em)/Toyo Trust			
SBAB*	, 110	6.50#	100.00	NOV 2000		-	Market Chir I GAO I Least			

Final terms, non-cible unless stated. Yield spread (over rivnt gvt bond) at launch supplied by lead manager. *Unlisted. ‡ Floating-rate note. #Sensi-annual coupon. Ft. fixed re-offer price; fees shown at re-offer tevel. al. 11-tranche issue worth approx \$50n. Short 1st cons. at) 3-mth US\$Libor+8bp. a2) 3-mth US\$Libor+8bp. a3) 3-mth US\$Libor all Cts B \$100m, b) 3-mth Libor +5bp, c) 3-mth Libor zero, d) 3-mth Libor +140bp, e) Fungible with STG250m. Plus 249 accrued interest. f) Added to L3trillion, g) Multi-tranche bond. Pricing today, f) Over Interpolated yield, s) Short 1st coupon.

7.81

Oct 31 Oct 30 Yr. ago

Gilt Edged Activity Indices

3.13 3.22 3.57 3.67

7,42 7.99 8.04

7.82 7.90

Oct 30 Oct 29

A Allied-Lyone 6% DB C 200 6.04
Gold Kelgoorlie 7½ 00 65 1.37
Grand Metropolition 6½ 00 710 4.37
Harson America 2.30 01 420 31.05
Hong Kong Land 4 01 410 31.05
Land Sect 6½ 02 84 8.72
Lasmo 7½ 05 C 90 5.64
MBL Inti Fin 3 02 200 222
MBL MB Bank 2% 03 200 200
COSSER 50 02 85 30.077

Oct 31 Oct 30 Yr. ago Oct 31 Oct 30 Yr. ago Oct 31 Oct 30 Yr. ago

7.80 7.88

Oct 31 Oct 30 Yr. ago

Oct 28 Oct 25 Oct 24

WORLD BOND PRICES **BENCHMARK GOVERNMENT BONDS**

US	INTEREST	RATES

Treasury 98% and Bond Yields Two year ______
Three year _____
10-year
30-year

BOND FUTURES AND OPTIONS

France IN NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

UK

Sett price Change 126.26 126.36 125.10 126.62 126.52 125.22 126.36 126.44 125.10 125.20 +0.22 +0.24 N LONG TERM FRENCH BOND OPTIONS (MATIF) CALLS 124 125 126 127 128 0.20 0.52 0.78 1.12 0.08 0.19 1.09 0.69

Germany III NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100% Open Satt price Change High Low Est, voi Open int. 113950 252357 1375 15601

Strike			CALLS -			1	UTS -			
Price	Dec	Jan	Feb	Mar	Dec	Jan	Feb	Mar		
9950	0.54	0.34	0.56	0.69	0.44	1,26	1,48	1.61		
10000	0.30	0.21	0.40	0.51	0.70	1.63	1.82	1.93		
10050	0.15	0.12	0.28	0.38	1.05	2.04	2.20	2.30		
Est. vol. to	etal, Cado 1	2079 Puts	6822. Pre	wious day	s open In	L. Calls 1	64864 Pur	178988		
Italy										
	MAL ITA				FUTUR	ES .				
(LIFFE)* Lira 20	<u>0m</u> 100 0	ns of 100	%						
	Open	Sett p	rice Char	nga H	igh	Low	Est. vol	Open in		
Dec	122.90	123.4	8 +0.5	78 123	.65 12	2.90	45891	84560		
Mar	122.32	122.6	9 +0.	77 122	.32 12	2.32	140	3603		
E ITALIAN	GOVT. BO	OND (BTP)	FUTURES	OPTION	(LIFFE) L	ira200m 1	OOths of 1	00%		
			CALLS -				UTS			
Strike		_ `		Mar		Dec	Mar			
		Dec		resign			2.26			
		Dec 1.27		.95		.79	2	226		
Price 12300			1		0	-		2.26 2.52		
Price		1.27	1	.95	0	.79	2			
Price 12300 12350		1.27 0.98 0.74	1	1.95 1.71 1.49	0 1 1	.79 .00 .26	2	2.52		
Price 12300 12350 12400 Est. vol. to		1.27 0.98 0.74	1	1.95 1.71 1.49	0 1 1	.79 .00 .26	2	2.52		
12300 12350 12400		1.27 0.98 0.74	1	1.95 1.71 1.49	0 1 1	.79 .00 .26	2	2.52		

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Dec	106.70	107.31	+0.61	107.58	106,70	78,066	70,917
Mar	-	105.74	+0.62	-	-	88	338
UK							
M NOTE	ONAL UK (ALT FUTU	RES (LIFF	E)" £50,000	32nds of	100%	
	Open	Sett price	Change	High	Low	Est. vol	Open int
Dec	109-19	109-10	-0-07	109-29	109-03	100836	154582
Mar	108-26	108-16	-0-05	108-26	108-26	53	2209
E LONG	GILT FUT	URES OPT	IONS (LIF	FE) 950,000) 64ths of	100%	
Strike		CAI	ĪS			PUTS	
Price	Dec	Jan I	Feb M	lar Dec	Jan	Feb	Mar
108	1-01	0-63 1	-21 1-	37 0-45	1-31	1-53	2-05
110	0-34	0-39 0	-59 1-	10 1-14	2-07	2-27	2-42
111	0-16	0-23 0	-40 0 -	54 1-60	2-55	3-08	3-22
							20000
	omi. Callo 10	142 Puts 34	5. Previous	day's open	Int., Calis	40146 MIS	20030
Est vol 16	omi. Callo 10	142 Puts 34	35. Previous	day's open	int, Calls	40146 PUB	20030
Est vol 16	omi. Calls 10	142 Puts 34	5. Previous	day's open	Int., Caffs	40146 PUS	20032
Ex vol 1		1142 Puts 341 URES (MA)		•	int, Calls	4U146 PUB	20032
Est will be		URES (MA		00,000	Low		Open Int.

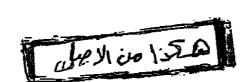
III US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% Low Est. vol. Open int. 112-12 423,639 397,155 M NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (UFFE) Y100m 100ths of 100%

															Japan Dev Bk 83 01 500	1074	10
GILTS	DIC	1						•						and the second s	Korea Bec Power 63s 03	97	
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Nates	int '	inig Dog	Pnœ £ .			LOW	Riches	in 1	leti _	Frice E		52 v	Rei	Yield\$2 week Notes 11] (2) Price £ + or - High Low	Portugal 5% 03 1000	95 4	-
4665	mi)	nou	rico z		1991		- HAUSS	14	neu	ringe Z	• 4 -	rager	_ um	Notes (1) (2) Price £ + or - High Low		106 ¹ e	10
Library up to Five Y	68TS)						Treas 71 ₂ pc 2006##	7 56	762	99.	2-	10753	9412	index-Linked (b)	Quebec Prov 9 98		
on 10pc 996	9 99	б 19	100%		103/3	1004	Treas 7 kpc 2006##	7.70	765	10011	-8	103%	96.3	45gpc 98t;		1074	10
Mpc 1997##	13.05		10112		int of	100.5	Treas Spc 2002-6##	784	7 54	102		104]]		2120c Tr (78.3) 2.65 3.23 184% -13 1856 176%		105 ¹ 2	
Tape 1997	10 37		1013	/-	107	100/2		971	745				1188	21200 TO	Spain 812 99 1500		10
w 70c 1997## Lpc 1997##	6 96 8 58	6.21	100/5 10143	-33			Treas 842 pc 2007 #	8.02	768					4 gpc 1042;			
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		5 85	1114	-6										Prospective real redemption rate on projected inflation of (1)	World Bank 8 98 1500		10
)l ₂ pc 1939	9.70 6.13	6.88 6.82	108 <u>3.</u> 9743		1127	108.3								10% and (2) 5%. (b) Figures in parentheses show RPI base for			
x; 1999 # Ion 10½0; 1999	942		1007		11233	10013	Over Filleen Yours							indexing its 8 months prior to taken and have been adjusted to reflect rebesing of RPI to 100 in February 1987. Commercian	DEUTSCHE MARK STRAIGHTS		
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CURRENCIES AND MONEY

Swiss franc declines on gold rumours

MARKETS REPORT By Graham Bowley

on the foreign exchanges yesterday amid rumours Emu, traders said. that the Swiss authorities are considering a suspension row ranges ahead of key of banking secrecy laws to help find Nazi gold hidden in Swiss banks.

against most currencies after since this would hit expectaanother day of volatile trading over concerns that this week's interest rate increase might presage large Budget tax cuts.

The Italian lira strengthened after a Bank of Italy economic report suggested the economy was slowing but that interest rates were unlikely to be lowered.

rising expectations that Italy would be more likely to qualify for European monetary union. This followed the European Commission's decision to give formal backing yesterday to France's

CK proce

qualify for a single currency. flat at 90.2. This makes it more likely The Swiss franc fell sharply that Italy would be able to higher following the Euromeet the budget criteria for pean

The dollar moved in naremployment data due today. Analysts said the dollar was The pound ended flat than expected jobs numbers, the D-Mark at the end of the tions of a US interest rate

> The dollar closed in London against the D-Mark at DM1.513, compared with DM1.507 at the previous close. It finished at Y113.74

against the yen, from Y113.9. The pound closed almost unchanged against the D-Mark and dollar at The lira was supported by DM2.4641 and \$1.6284. The

E Pou	nd in New Y	ork
Oct 31	Latest	Prev. close -
£ spot	1.6265	1.6835
1 mih	1.8295	1.5325
3 mth	1.6235	1.6306
1 yr	1.6124	1,6199

controversial measures to sterling trade-weighted reduce its budget deficit to exchange rate index closed The French franc moved

Commission's announcement. This was in spite of a five basis point cut to 3.20 per cent in the Bank of France's intervention base rate. The franc was trading vulnerable to any weaker- at about FFr3.3755 against day in Paris, against

> ■Rumours of a suspension of Swiss banking laws prompted a swift decline in the Swiss franc in late trading yesterday.

FFr3.379 the previous day.

Mr Tony Norfield, treasury economist at ABN Amro in London, said: "If the secrecy laws are suspended then it opens up the risk that lots of people who traditionally use Swiss bank accounts are less likely to put their money there." This raised the pros-pect of a slowdown of flows into the franc which would

weaken the currency.

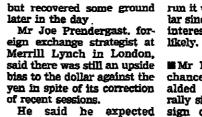
■ The dollar began the Euro-



He said this would play into the hands of the Swiss central bank since it wanted ease pressure on the Swiss

He said a potential investor flight from the Swiss franc could benefit European high yielding currencies such as the Italian lira.

pean trading session weak



in activity from last month's pects. weak reading. But he said But currency markets yes-they were still likely to be terday made a somewhat subdued "which means little support for the dollar against the yen".

Mr Norfield said a weakerthan-expected figure would the short-run since it would a weaker franc in order to prompt buying of US government bonds. But in the long-

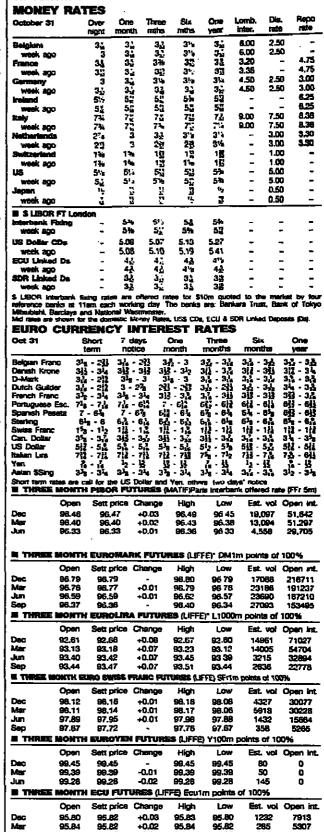
> Oct 31 Cct 31 E S Czach Rp 43,7444 - 43,7984 28,8700 - 28,8900 Hougany 252,737 - 252,938 155,240 - 155,290 Izan 4896,40 - 4884,00 300,000 - 3000,00 Noreal 0,4859 - 0,4850 0,2587 - 0,2988 Poland 4,747 - 4,8502 2,8700 - 2,8720 Hussia 8890,74 - 8893,25 5455,00 - 5460,00 UALE 5,9764 - 5,9842 3,6710 - 3,6740

run it would weaken the dollar since it would make a US interest rate increase less

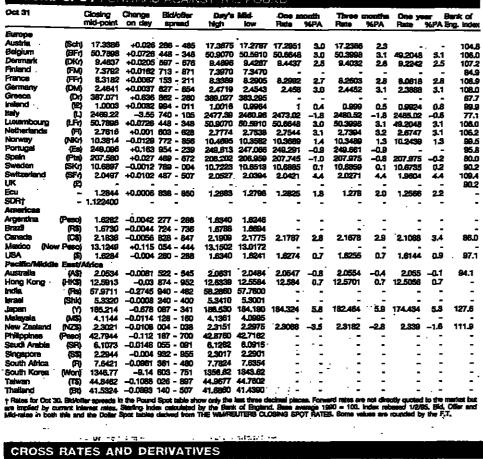
■Mr Kenneth Clarke, UK bias to the dollar against the chancellor, yesterday heryen in spite of its correction alded the pound's strong rally since the summer as a sign of growing internatoday's employment num- tional confidence in the UK's bers to show some recovery long-term economic pros-

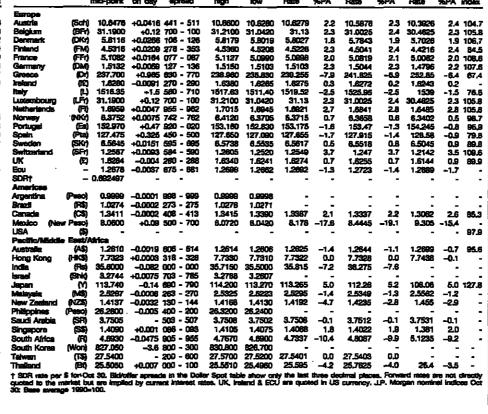
sceptical reappraisal of Wednesday's quarter-point increase in interest rates to 6 per cent. The pound rallied immediately after the move. probably boost the dollar in But it gyrated erratically yesterday as traders attempted to gauge whether the rate increase was a preemptive attack on inflation or whether it in fact meant Mr Clarke would now ease fiscal policy.

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WORLD INTEREST RATES





Taiwan (TS) 44,8 Thailand (Bt) 41,8 † Relea for Oct 30, Biddeller agree	162 -0.1088 026 - 897 44.5 124 -0.0883 140 - 507 41.6 144 in the Bound Scot table show on	16.52 1343.52 9677 44.7802 9860 41.4390	nuerd rates are not directly	quoted to the market but and 1/2/25, Rid. Offer and	Talwan (15) Thailand (B) Thailand (B)) 25.5050 +0.007 Oct 30. Bid/offer apress	200 - 800 27.5700 27.5200 27.5401 0.0 27.5403 0.0 - 900 - 100 25.5510 25.4960 25.595 -4.2 25.7825 -4.0 26.4 -3.5 is in the Dollar Stop table show only the last three decimal places. Forward steps are not play interest steps. U.K. instant & E.C. are quoted in U.S. currency, J.P. Morgan nominel lasts
Mici-rales in both this and the Do	ies. Starting index calculated by the law Spot tables darked from THE V	MARRITERS CLOSING SPOT A	TES. Some values are rou	nded by the F.T.	30: Base average 1990	0=100.	
	AND DERIVATIVES	uru - saltari r e S	_		· —		
EXCHANGE CRO							Union FUTURES-OPTIONS-FOREX
Oct 31 BF		E L FI	NKr Es Pt		E C\$ \$	Y Ecu	24 HRS Comtact Duncan Dunc
Belgium (BFr) 10 Denmerk (DKr) 58.0	37 1D 8.789 2.604	1.057 2809 2.918	20.44 490.5 408 10.97 263.2 219	4 . 11.30 2.166	1,989 4,300 3,200 1,057 2,308 1,720	195.7 1.357	lea.: 0171 329 3030 F2X: 0171 329 0545 3
Prance (PFr) 61.1 Germany (DM) 20.1		1.202 2968 3.321 0.406 1002 1.121	12.48 299.5 249 4.213 101.1 84.2	25 4.338 0.832	1.202 2.626 1.95 0.406 0.886 0.68	1 75.16 0.521	Limited Internet: http://www.textor.com/markets/ci
tretand (IE) -50."	57 0.383 0.337 0.100		10.38 249.1 207 0.420 10.09 8.40	8 0.433 0.089	1,000 2,184 1,828 0,041 0,068 0,068	7,501 0,052	FUTURES D
Netherlands (FI) 183 Norway (NK) 483	93 9.118 8.018 2.374	0.963 2379 2.661	3.758 90.19 75.1 10 240.0 200	.0 10.30 1.975	0.362 0.791 0.586 0.963 2.104 1.566	3 178.4 1.237	OPTIONS BERKELEY FUTURES LIMITE
Portugal (Es) 20. Spain (Pta) 24.	47 4.559 4.007 1.187	0.401 991.2 1.109 0.482 1189 1.330	4.167 100. 83.5 5.000 120.0 100	1. 5.149 0.987	0.401 0.877 0.65- 0.482 1.052 0.784	4 89.21 0.618	98 DOVER STREET, LONDON WIX 3RB PRIVATE CLIME TEL: 0171 629 1135 FAX: 0171 495 0022
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SPREAD BETTING ON OVER FIGHTY MARKETS

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CITY INDEX

Petroleum Argus

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SHARE CAPITAL

Issued and fully paid Number Amount Number Amount 8,750,000 £1,750,000 ordinary shares of 6,645,355 £1,329,071

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COMMODITIES AND AGRICULTURE

Sumitomo copper affair prompts watchdog summit | Singapore

By Laurie Morse in Chicago

The world's three most powerful commodity futures market watchdiscuss special concerns about copper, oil and sugar. global commodity market regulation in the wake of the Sumitomo copper scandal.
Officials from 18 countries,

Many of the countries invited, with physical commodities". including several in Europe, are considering the introduction of commodity futures contracts. One

to be held in London at the end of made the summit "a unique the meeting. While much work ries, there were now greater November. They will examine opportunity for officials from ways of avoiding manipulation of jurisdictions that have fully-develphysical markets for internation- oped commodity markets to share dogs have organised a summit to ally-traded commodities such as their experience with officials who are just beginning to deal

The UK's Securities and Investments Board, Japan's Ministry of Trade and Industry (Miti) and the including China, have been regulatory official said the prolif- Commodity Futures Trading Cominvited to attend the conference, eration of new physicals markets mission of the US are sponsoring

co-operation by regulators for the fast-growing arena of financial derivatives, it is rare for regulators to confer specifically on commodities market oversight.

Ms Brooksely Born, who heads the CFTC, said that the examination could be overdue. While greater global opportunities for international commodities contracts have been traded for centu-

has been done on cross-border opportunities for manipulation of availability and transparency the markets.

"Better global communications. and the increased ability of market participants to move quickly from jurisdiction to jurisdiction and to trade simultaneously from commodity futures market manipulation." she said.

of deliverable supplies are expected to top the agenda for the meeting.

The Sumitomo affair demonstrated the evolution of markets. Mr Yasuhiro Hamanaka, Sumitomo's chief metals trader, ran up huge losses in unauthorised cop per trades, costing the trading house an estimated \$2.6bn.

launches rubber reforms

By James Kynge in Kuala Lumour

The Singapore Commodity Exchange launches changes in its main rubber contract today in an attempt to boost volume in a market which has been in the doldrums for weeks. Sicom hopes the reforms will internationalise trading and maintain its position as south-east Asia's premier exchange.

The main reform is the launch of an "FOB" – free on board - futures contract which will not demand the rigorous testing of rubber required under the current "award" contract.

The new contract will be denominated in US dollars as opposed to Singapore dollars. Because the physical trade is conducted in US dollars, this should eliminate currency risk and make it easier to bedge - reducing risk by taking a position which offsets existing exposure to market rate changes.

Rubber will no longer have to be shipped to approved Singapore wareruses or undergo the mandatory tests of the award system. Singapore warehouses are often more expensive than others in the region and the tests, which involve 20 different inspections, tend to prolong ware-

housing time. Singapore is keenly aware that it must reform ahead of possible competition from Indonesia - which some analysts say may start trading rubber futures by the middle of next year.

The TSR20 (FOB) contract will be for the October/ December 1997 contract

The TSR20 (award) contracts will continue to be traded until the July/September 1997 contract

10 12 25 27 28 11 23

Brazil's coffee industry gains influential voice

By Jonathan Wheatley

Brazil's new coffee policy council will fill a void in policy-making and allow the development of coherent policies for the first time since 1990, industry observers say. The CDPC, created by presidential decree on Tuesday, gives the industry some

influence over policy-making

demanded - and should belo

something it has long

end vears of incoherence over market policy. The government hopes the CDPC will help raise production from about 25m 60kg bags a year to between 30m and 35m bags a year over the

next decade. The council. comprising six government and six private-sector members, is the first policy body set up since 1990 when the Brazilian Coffee Institute was swept away then president. "What's really important

is that the council gives the industry and government a united voice," says Mr Lawrence Eagles, a coffee analyst at GNI Research in Rio de Janeiro. "It will make Brazil stronger and more able to reflect its weight in the world market. Up to now there has been an embarrassing lack of policy and Brazil's delegation to the [Association of Coffee Producing Countries] has been unable to implement international agreements."

to co-ordinate coffee auctions to balance supply and demand on domestic and export markets; determine policy for warehousing and sale of the 4.2m bags held by the government and 9.2m bags held by a coffee devel-

under Mr Fernando Collor, controls \$847m, including \$620m committed to investments in production); co-ordinate links between government, the private sector and international bodies; approve crop plans and mechanisms for crop estimates; and co-ordinate agricultural and market

The council will meet every two months under the chairmanship of Mr Francisco Dornelles, the trade and industry minister, who will have a casting vote. Mr Dornelles retains the right to take unilateral policy deci-The remit of the CDPC is sions, although observers say he is unlikely to do so.

Mr Francisco Ourlque, a coffee broker who helped develop the council, said it would help the industry meet demand for between 1996-97. Estimated output for opment fund. Funcafé: set the year is about 1.5m bags in a wave of restructuring Funcafe's budget (the fund short of that target.



CDPC should help Brazil meet future production targets

SOFTS

■ COCOA LIFFE (E/tonne

Prices slip on Liffe despite continuing tightness of supplies

Precious Metals continued GRAINS AND OIL SEEDS

Coffee prices eased yesterday after a choppy week of trading, but analysts say supplies remain tight and predict that continued strong buying interest from US and European roasters could push the market higher again over the longer term,

\$7 a tonne on the London International Financial Futures and

LONDON METAL EXCHANGE

Cash

1395-96

1415-6 231,014

66,231

1262-7

1260-65

705

750-2

13,154

1045-55

77.028 47,305

2003.5-5.5

90.50 -1 10 82 05 91.70 193 1.873

E ZINC, special high grade (5 per torino)

E COPPER, grade A (S per tonne)

LME AM Official C/S rate: 1.6285

LME Closing C/S rate: 1.6277 Sect 1 6275 3 mitts: 1 6247 6 mitts: 1 6222 9 mitts: 1,6186

IN HIGH GRADE COPPER (COMEY)

PRECIOUS METALS

ELONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold(Troy oz) 5 price £ equiv SFr equiv Close 379.60-380.00

7330-35

1066 5-7.0

M ALUMINIUM, 99.7 PURITY (\$ per tonne

ALUMINIUM ALLOY (S per torine)

Total daily turnover

Close Previous High/low AM Official

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Open int.

High:low AM Official

TIN (\$ per tonne)

Total daily turnover

Kerto close Open int. Total daily furnover

High/low AM Official

E LEAD (\$ per tonne)

MICKEL (S per tonno)

COMMODITIES PRICES

BASE METALS

January coffee futures prices lost

New York futures mixed in light

some support to prices.

"The supply situation remains tight and I don't expect it to ease head of the International Coffee before December," said Ms Judy Organisation, the producers and

Options Exchange to \$1,380, with Ganes, soft commodities analyst at consumers body, predicted sharp Merrill Lynch in New York.

Nevertheless, African producers, GNI, the London brokers, said who are holding their annual meetconcerns over a possible delay to ing on November 17, said they the Vietnamese coffee harvest remained concerned about low cofbecause of heavy rains could lend fee prices in spite of an agreement in place to limit exports. Meanwhile, Mr Celsius Lodder,

growth in risk management instruments in the market which would have a key influence on prices.

Speaking in Bogota, he said the move among consumers to carry lower stocks would make it more important for exporters, traders and processors to resort to sophisticated financial mechanisms to offset price

999 992 706 12,143 1015 1006 638 5,275

1353 -11 1366 1350 4,203 21,734 1392 -5 1401 1389 3,486 24,564

1441 -2 1450 1440 108 5,789 1482 -2 1470 1489 46 816

1463 -19 1488 1460 1,232 5,015 1385 -2 1390 1375 2,124 15,420 1334 +2 1340 1320 472 8,377 1316 +1 1320 1302 473 8,252 1319 +4 1320 1312 57 498 1319 +4 1304 1304 3 133

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117.20 -1 95 119.90 119.50 5.129 119.90 106.10 -0.20 107.25 105.60 2,006 10,199 103.65 -0.10 104.25 102.90 685 3,712 103.40 +0.40 102.50 102.95 364 1,079 102.25 +0.05 102.25 102.25 141 619 101.95 -0.50 -101.00 63 409

309.1 -3.8 312.5 308.0 1,094 7,713 305.5 -3.6 309.2 304.9 1,513 12,662 307.3 -3.4 310.4 306.5 526 4,544 309.4 -3.6 312.2 306.8 224 1,706 302.4 -4.4 306.5 303.5 25 1,003 305.2 -4.5 306.6 305.5 13 284

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72.05 -0.90 73.45 72.00 5,601 24,742 73.84 -0.92 75.30 73.80 2,697 13,768 74.95 -0.95 76.20 74.90 635 8,158 75.45 -0.98 76.74 75.40 527 6,755

106.80 -1.75 107.90 105.25 250 5,208 99.80 -1.55 101.80 99.40 535 8,435 102.50 -1.85 104.30 102.25 288 4,305 105.10 -2.00 106.50 105.10 68 107.60 -2.20 108.80 108.00 17 546 109.10 -2.20 - 250 - 250 109.10 -2.20 - 250 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 -2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 250 109.10 - 2.20 - 2.20 109.10 - 2.20 109.10 - 2.

W ORANGE JUICE NYCE (15,000bs; cents/bs)

ture to boost its US maize

MEAT AND LIVESTOCK

ELIVE CATTLE CME (40,000/bs; cents/fbs)

		change		Los	Yol	
_		_	_			
Dac				66.375		
Feb	63,475	-	63,725	63.200	2,237	18,886
Apr	85.250	+0.25	65,350	84,900	1,213	12,326
jèn	63,050	+0.175	63,275	62,850	483	5.520
Aug				62,450		
Oct				64,950		
Tested	02.000	_	50.250			84,430
					•	•
	Æ HOG	S CME	(40,00	Olbs; ce	nta/lb:	3)
Dec	54,400	-0.55	55.150	54.150	5.279	15.016
Feb	74.150	-0.8	75.150	73,950	2659	8.446
Apr	69,950	-0.725	70.950	69,900	601	2.924
Jan .	74.650	-0.6	75.250	74.550	398	3.093
Jal	72,650	-0.475	72,850	72,450	81	774
Aug	69.175	-0.45	69.700	69,150	82	855
Total					9,143	31,588
M PC	RK BEL	LIES (ME (40),000lbs	; cent	2/lbs)

LONDON TRADED OPTIONS

68.300 -2.25 71.000 88.000 1,523 4,818 68.275 -2.325 71.000 67.850 153 510 69.300 -2.925 71.575 69.250 54 350

E ALUMINGUM		- .		. .
(99.7%) LME	Nov	Feb	Nov	Feb
1400	25	63	10	41
1425	12	70	70	51
1450	5	57	57	64
E COPPER				
(Grade A) LME	Nov	Feb	Nov	Feb
1900	82	124	6	88
1950	45	100	18	113
2000	20	79	43	142
COFFEE LIFFE	Nov	Jan	Nov	Jen
1500	18	21	133	187
1550	12	15	178	231
1600	9	10	224	276
E COCOA LIFFE	Dec	Mar	Dec	Mar
950	6	39	32	33
975	3	28	54	47
1000	1	20	77	64
E BRENT CRUDE				
IPE	Dec	Jan	Dec	Jan
2300			50	-
2350	-		-	
2400	-	64		
LONDON SP	ОΤ	MAA	DVC	Te
CRUDE OIL FOB (p	er be	rel)		-or-
Dubai	S2 0.	97-0.9	5x -	0.49
Brent Bland (dated)		.62-2.6		
Brent Bland (Dec)		.02-3.0		L4 85
W.T.I.		48-3.5		0.73
OIL PRODUCTS N	iE prom	pt delle	ery C#F	(pocne)
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Gas Off		19-221		+1
Heavy Fuel Oil		17-119		-1
Naphthe		24-226		
Jet fuel	\$2	48-250)	+2

Potroloum Argus. Tel. Landon (01711 359 8792 ■ CTHER Gold (per troy oz)\$ Silver (per troy oz) Silver (per t		
Petroleum Argus. Tel. Lands		-0.025 1792
Silver (per troy oz)# Platinum (per troy oz.)	485.50c \$381.00	-0.40 +2.00 +0.75 +0.75
		+0.15

\$237-239

Cattle (live weight) Sheep (live weight) 97.98¢ 122.55p Pigs (live weight)† 93.95n Lon. day sugar (raw) Lon. day sugar (wte) Barley (Eng. feed) Maize (US No3 Yellow) Wheat (US Dark North) \$262.20 Rubber (Dec)♥ Rubber (Jan)♥ Rubber (KL RSS No1) 82.00p 82.00p 315.0z Palm Oil (Malay.)§ Copra (Phil)§ Soyabeans (US) Cotton Outlook'A' index 542.5z \$435.0v

for US wheat production estimate, cur-MARKETS REPORT

New challenge

By Laurie Morse in Chicago and Deborah Hargreave in London

US wheat futures prices continued their slide yester-day, as traders anticipated ample new supplies from southern hemisphere harvests and fears about the karnal bunt fungus

re-emerged Wheat prices for December delivery tumbled 8 cents, to \$3.73 a bushel in mid-morning trading at the Chicago Board of Trade - a 40 per cent drop from the contract high and the lowest price the contract has reached in 17 months

Wheat contracts for delivery later in 1997, closer to the next US wheat harvest. stablished all-time lows. "People are concerned about big harvests in Argentina and Australia, and are also worried that the US and

[European Union] will resume their wheat subsidy battle," said Mr Jerry Gidel, of Dean Witter Reynolds. Traders said the market continued to be hit by reports of wheat exports being rejected due to karnal

bunt and other funguses. Maize futures prices also tumbled in Chicago. Traders said the market expected the US Department of Agricul-

rently at 9.01bn bushels. in its crop report, due to be published on November 12. December maize was trading at \$3.67 at midday, down 3 cents a bushel and its lowest level since August 1995.

Crude oil prices slipped in late London trading following the announcement of a Kurdish ceasefire with Iraq. Traders interpreted this as bearish news for the oil market as it could bring Iraqi oil back to the market sconer.

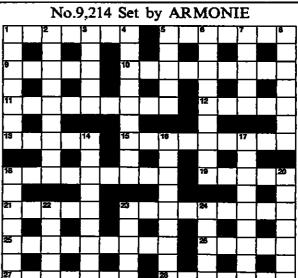
North Sea Brent crude for December delivery lost 17 cents, dropping to \$23.40 a barrel. The market had been much higher at \$23.92 earlier in the day. December futures at the New York Mercantile Exchange broke through a key support level of \$23.85 a

The market had been stronger in early trading on the back of a rise in heating oil prices with a cold snap forecast for the north-eastern part of the US, where many households use oil for heating. The price slipped back in later trading to hover around its previous close of 68.86 cents a gallon.

December white sugar futures on Liffe lost almost \$3 a tonne to tumble through a key support point at \$310 a tonne. Traders said the market was looking extremely weak as prices continued their "bear" run.

JOTTER PAD

CROSSWORD



Be concerned about politi-clan's personal character being partly drier (5) 6 Cue in hand, playing with-1 Be concerned about politi-

9 Famous books Edward 8 An artist in every performance finally gives pain to the listener (7) 10 Public announcer is one

sion of private club (4,5)

11 Cleo later cooked a sort of roll (9)

12 About on the river (9)

13 Having foreknowledge of the Channel Isles in this roll (9)
12 Classically elegant room (5)

round pole (9)

19 Hapless daughter, rejected, is to lose heart (5)

21 Expose a saint's blunder (5)

22 Succulent fruit found in a recent development (9)

23 Finite is common around Leatherhead (5)

24 Easherhead (5)

25 Ensemble performing without protection? (5)

26 Change a place in West London (5)

recent development (9) 25 A criminal catches viral infection in profusion (9) 26 Dash back to get European

business (5) 27 The high point is when the first lady gets to lie down

28 Beat the fellow for touching (7)

1 The capacity is fulfilled (7) 2 Refuse carrier made young writer get up (6,3)

3 It is used to wash tender space traveller (5)
4 Admit soldiers to popular

5 Weather Otto welcomed,

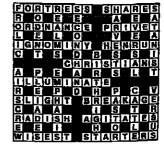
out restraint (9) 5 Time to stir a rich confec- 7 Dash around Northern Welsh town (5)

attempting to take posses-sion of private club (4,5)

14 Captivate parent, messing about on the river (9)

12 Classically elegant room (5)
13 Lie about second-class food
17 Hate to fade in no time (9) 18 The army is on time to get (5)
15 A quiet young attendant, about to finish the supplement (9)
16 Obstruction made back run
17 Obstruction made back run
18 Obstruction made back run
18 Obstruction made back run
19 Plunder is common around

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978.1 -2.1 379.1 -2.2 381.9 377.7 19,920 99,522 381.1 -2.3 383.4 380.5 862 17,550 388.2 +2.7 385.2 382.9 1,246 11,778 385.2 5.2 387.7 385.0 52 11,091 387.8 -2.3 388.7 388.7 37 4,384 23,393 188,825 384.0 -14 385.8 383.3 2.509 19.396 386.6 -1.4 388.0 386.0 653 8.125 389.6 -1.4 390.0 389.5 11 972 382.9 -1.4 394.0 394.0 11 138 ■ PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) 116.75 -0.75 117.75 116.50 662 7,584 117.85 -0.75 - - 2 451 118.90 -0.75 - - - 116 682 8,151 SILVER COMEX (5,000 Troy oz.; Cents/troy oz.) 478.8 -1.8 482.0 482.0 17 17 480.8 -2.0 488.0 476.0 11,294 64,187 -20 - 26 -21 484.0 483.0 712 13.750 -21 493.0 489.0 54 6.618 -21 504.6 TO CRUDE OIL NYMEX (1,000 barrels. S/borrel) 23.45 -0.83 24.60 23.20 43.753 94.729 23.15 -0.74 24.20 22.95 21.204 53.052 22.72 -0.74 23.75 22.60 7.391 35.722 CRUDE OIL IPE (\$/barrel) HEATING OIL NYMEX (42,000 US galls., c/US galls.) 66.90 -1.96 69.80 66.25 19.226 8,892 66.95 -1.91 70.20 68.60 27.113 40,606 66.90 -1.91 69.90 68.60 10.256 30.255 65.70 -1.96 68.55 65.60 4,375 15,576 63.00 -2.35 66.20 63.00 2.399 8.681 61.50 -0.41 62.50 61.50 592 5.229 Oct Hov Dec Jan Apr M GAS OIL PE (\$/tonne) 219 00 +1 75 221.00 218.00 8.556 29.289 214.00 +1/5 215.00 213.25 5.855 24.887 210.50 - 213.00 210.25 5.855 24.887 210.52 -0.50 207.25 205.25 451 6.966 198.50 -0.50 207.25 205.25 587 5.924 191.75 -0.25 194.00 192.00 124 4.422 Total M NATURAL GAS HYMEX (10,000 mmBu.; \$/mmBu.) 2795 -0.058 2.880 2.765 22.036 40,689 2.770 -0.058 2.840 2.740 7.619 23.017 2.510 -0.063 2.575 2.495 2.246 13.822 2.330 -0.040 2.355 2.325 850 9.526 2.155 -0.020 2.175 2.135 698 5.702 2.060 -0.030 2.090 2.055 177 4.686 35.274 140.320

■ GOLD COMEX (100 Troy oz.; \$/troy oz.) ■ WHEAT LIFFE (€ per tonne) 95.25 -1.00 95.00 95.50 97.15 -0.85 97.95 97.00 98.40 -0.85 99.00 98.35 99.55 -0.95 100.25 99.40 101.00 -1.25 102.00 101.25 # BARLEY LIFFE (C per tonne) 91.50 -0.50 POTATOES LIFFE (E/torpre)

188 1,575 45 286 5 143 800 6,257 ■ PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) ■ WHEAT CST (5.000bu min; cents/60tb bushel) ■ COCOA CSCE (10 tennes; \$/tennes) Dec 371.25 -8.75 380.50 370.00 6,339 31,894
Mar 388.50 -6.50 374.50 387.00 2.396 16,059
May 338.50 -4.75 363.00 357.50 455 2,336
Jul 348.50 -4.00 352.50 347.00 815 10,232 Sep 351.50 -3.50 356.00 351.00 8 285 Sep One: 359.00 -4.00 365.50 364.00 24 175 Dec Total 10,006 61,005 Total 286.00 -4.25 270.00 265.50 45,340 138,063 272.50 -4.25 276.50 272.00 17,265 90,349 279.00 -4.50 283.00 278.50 8,636 42,261 283.50 -4.50 288.50 283.50 10,976 33,400 279.00 -3.00 281.00 278.50 351 3,528 278.50 -3.00 280.00 276.55 3,282 27,363 86,192 336,492 91 50 -0.50 92.50 91.75 26 329 93.25 -0.50 93.75 93.50 43 773 94.75 -0.50 - - - 196 96.00 -0.50 96.25 96.25 60 98 E COFFEE 'C' CSCE (37,500lbs; cents/lbs) 129 1.422 W SOYABEANS CET (5,000bu mix; canta/60th bushel) 667.75 -21.75 689.00 666.00 31,921 26,836 669.00 -21.75 680.50 667.00 37.739 65,362 673.50 -24 00 666 50 672.00 7,477 31,567 678 00 -22 50 700 50 677.00 2,995 16,743 COFFEE (ICO) (US cents/pound) SOYABEAN OIL CST (60,000/bs: cents/b) | 22.59 | -0.35 | 22.94 | 22.58 | 7,071 | 49,158 | 22.58 | -0.36 | 23.00 | 22.88 | 2.795 | 18,903 | 23.24 | -0.35 | 23.59 | 23.25 | 1,307 | 17,575 | 23.59 | -0.35 | 23.90 | 23.90 | 22.59 | 4,851 | 23.95 | -0.35 | 24.30 | 24.05 | 113 | 1,344 | 13,555 | 103,443 | WHITE SUGAR LIFFE (\$/tonne) SOYABEAN MEAL CBT (100 tons; \$/ton) 219.5 -7.1 228.6 219.1 12.423 39.345 214.7 -7.7 221.7 215.0 3,685 11,020 211.0 -7.9 218.4 210.6 3,033 18.313 208.8 -7.9 218.2 209.5 1,262 9,589 209.1 -7.4 216.0 209.0 727 5,653 208.3 -8.2 214.5 210.0 137 1,340 21,306 88,574 325 - - - 2 68.0 +05 - - - - - 7 70.0 +0.5 69.5 68.0 23 1.319 79.0 +0.5 - - 17 89.0 +0.5 - - - 7 COTTON NYCE (50,000lbs; cents/lbs) 23 1,338 FREIGHT (BIFFEX) LIFFE (\$10/index point) 714

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FUTURES DATA
All futures data supplied by CMS.

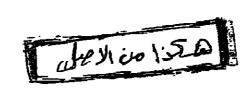
Prices at auctions in the main producing countries this week were generally firm, but in Australia and New Zealand there was no clear advance. The Eastern market indicator in Australia closed at 576 cents, just 1 cent helper than a week ago, the western indicator was unchanged at 535 cents; and in New Zealand the man indicator was down 1 cent to 467 cents a kg. Prices mose quite sharply in South Africa, but weakness in the rand has to be taken into account there. Apart from the absence of any really clear trend in prices, wool offered at auction is being taken up well by the trade, with clearances better than for some time. Sterling strength presents some problems to a UK trade which for some time has been better placed than many competitors on the Continent of Europe.

VOLUME DATA VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME. CSCE and IPE Crude Oil are one day in arrears, Volume & Open interest totals are for all traded months.

INDICES Reuters (Base: 18/9/31 = 100) Oct 31 Oct 30 month ago year ago 1868-2 1858.3 1918.4 2121.4 ■ CRE Futures (Base: 1987 = 100)

Oct 30 Oct 29 month ago year ago 241.66 241.11 III GSCI Spot (Base, 1970 = 100) Oct 29 month ago year ago 210.17 205.22 182.71



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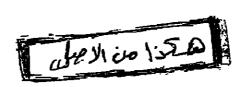
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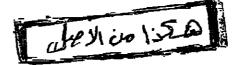
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LONDON STOCK EXCHANGE

Footsie regains its poise in late trading

MARKET REPORT

By Joel Kibazo

The UK market yesterday made a brave attempt to regain its poise following Wednesday's quarter of a percentage point rise in base rates, but there was no hiding the fact that inflation is now back as an issue for investors.

Strategists continued to discuss the implications of the chancellor's move and many believe a give-away budget later this month is now more likely, particularly after a new opinion poll showed the Labour party with a commanding 28 percentage point

Wednesday's fall in the US equity market also played its part in denting sentiment. Mr Richard Jeffrey, group econ-

tre stage.

omist at Charterhouse bank, said: 'Prior to yesterday's increase. higher inflation was an area of speculation by individual economists. But by raising base rates the chancellor has put inflation on the market agenda."

However, it was not all doom and gloom and some continued to lead. However, it was concerns believe in the underlying to enter the fray.

about the inflationary pressures strength of the market. One such in the economy that moved cenoptimist is Mr Philip Wolstencroft, UK strategist at Merrill The FTSE 100 index opened Lynch. He believes the market some 11.6 points down on the will continue steadily ahead helped trigger a turnaround in because, "profits growth will be London's fortunes. back of those concerns, although enough to offset p/e (price/earnings ratio) contractions brought

by tighter monetary policy". strength, together with an element of position covering by bears, saw the early weakness of the market reduced by late morning. However, volumes were initially low - a clear indication of traders' continued caution and the general unwillingness of some of the leading institutions

noon. The early firmness on Wall 4.422.5. Long-dated gilts also Street following the release of sluggish US economic data down at the finish.

A firm futures contract, which was trading at a premium to fair down on Wednesday's 720.8m value, also helped the cash mar-That feeling of underlying ket shake off some of its recent gloom. Footsie moved steadily ahead to close at the best level of the day, although dealers suggested a further advance had been checked by continued nervousness about inflation.

> 3,979.1, a gain of 15.2 on the day. overweight in the sector. Asda recovering from a low of 3,951.9. The FTSE 250 continued to lag marketshare data.

fisher bounced 61/2 to 6531/2p.

Thorn softened 5 to to 346'4p

that it was to challenge a

Wisconsin ruling on rental

171p. in spite of a fall in first-

half profits, as had been

BZW, which left its fore-

casts unchanged, moved the stock from a "hold" to a

"buy" because it said the

outlook painted by the group

was rosier than it had

thought and recent price

Guinness fell 5 to 440p

after what one analyst

described as dull figures for

the Far East from Seagram.

marketmakers have been

defensive after speculation

that LVMH might fund its

appeared to be sticking.

purchase transactions.

expected.

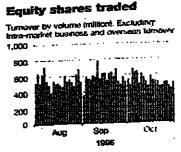
following its announcement

That all changed in the after- behind and closed 3.3 down at came off their lows, but were still

> With activity having picked up in the afternoon, volume at the 6pm count was 659.5m shares, shares. The value of customer business transacted on Wednesday was £1.3bn.

There was renewed interest in the food retailers, which analysts suggest is a defensive sector in the new climate on interest rates. Earlier this week. Charterhouse The leading index finished at Tilney suggested investors go advanced on favourable AGB





1956.90 FTSE All-Share yield Best performing sectors Utilities

Broker boost for GenCos

By Peter John, Lisa Wood

A powerful showing from the UK generators placed them among the best Footsie stocks on the day as one of their brokers took a hard look at their performance and followed it up with some

enthusiastic research. Both National Power and PowerGen shrugged off the general weakness in the electricity sector, with UBS telling clients that worries over the companies were exagger-

UBS believes arguments unjustified. It adds that the generators are in any case unlikely to suffer a loss of margin as they will increasthrough buying cheaper

The broker points out that both have underperformed. but prefers PowerGen on the basis that the new management is focusing on share-

companies have narrowed. UBS electricity analyst Mr lain Turner added: "On an enterprise value basis, PowerGen is 30 per cent cheaper than National Power and the market does not seem to have appreciated

It has put a 730p a share

price target on PowerGen 100714p, continuing a slide and a 528p a share target on which has taken the price National Power. PowerGen shares rose 18 to 510p while National Power lifted 1312 to

The food retailing sector, a popular choice for defensive investors at a time of interest rate rises, performed well, with Asda, the best stock in the FTSE 100, rising 41/2 to 1171 p on trade of 21m shares, the heaviest volume in the market.

This was partly because of monthly figures from AGB Research which suggested that, in the month to Octo- European ber. Asda's total sales were growing at the fastest rate of all the main food retailers. Safeway, which rose 10 to 3641/4p, was also said to be doing well.

In addition, UBS upgraded its forecasts for Asda from about competition from a \$235m to £340m this year second "dash for gas" are and from £375m to £380m next year. UBS also reiterated its buy stance.

Earlier this week. Charterhouse Tilney recommended ingly be able to cut costs an "overweight" stance on

Cookson, the industrial materials group, fell 10¹/₂ to 226 p. with ABN Amro Hoare Govett downgrading its profit forecasts for the next two years mainly holder value and the differ- because of the performance ences between the two of the group's electronics division.

On Wednesday, NatWest Securities also trimmed its forecasts.

Shell Transport, one of four big companies to report this week, disappointed with its figures - but only at the margin.

The shares fell 13 to Oct 31 Data based on

down from a recent closing peak of 1056p as the market reacted to figures slightly below the consensus of ana-

However, one specialist said if the effect of exploration charges, redundancy and stoppages were added back, the picture was much

as expected. More significantly, Shell revealed it now has no net debt and the market is poised for news about significant restructuring of the refining operations as well as a joint venture with Texaco.

It will hold a big presentation in New York on December 13 and analysts said a big competitor. In addition, investors may hang fire

Body Shop hardened 41/2 to 200p after end of th

	ange, (-					-	
INI	DEX								
	Oct 31	Oct 30	Oct 29	Oct 28	Oct 25	Yr ago	"High	'Low	
	2810.9	2799.1	2819.3	2839.4	2834.1	2577.7	2885.2	2668.8	
rield	4.06	4.07	4.03	4.01	4.01	4.12	4.22	3.76	
net	16.99	16.95	17.10	17,22	17.20	15.52	17.46	15.80	
	16.61	16 70	15 04	17.06	17.04	15 25	17 20	16 71	

P/E retu	-	16.8							17.30	15.7
FT 30 plns	המשמט וכ	fations and	h 2005.2	13049	6, low 49	4 28/06/4	1 Base I	Date: 1/7	35.	
FT 30 h	courty o	hange	9							
Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2787 4	27923	2795 1	2793.1	2793.	8 2794.3	2795.8	2799.2	2806.3	2810.9	2786.
			Oct :	31 C	ct 30	Oct 29	Oct	28 ()ct 25	Yr <i>3</i> 90
SEAQ b	argains		35,6	47 3	36,098	38,313	42,4	136 :	34,484	26,14
Equity to	umover	$(\Sigma m) \uparrow$		- 1	335.6	1203 1	120	5.2	1481.1	1542.4
Equity b	argains	t		- 1	7.247	28,510	32,5	551 2	28,340	30,836
Shares I	traded ((ml)†		-	515.8	497.9	42	3.2	458.6	593.8

■ London market data											
Rises and falls'		52 Week highs	and lows	LIFFE Equity opt	ions						
Total Rises	549	Total Highs	62	Total contracts	41,409						
Total Falls	758	Total Lows	131		24,480						
Same	1,299	ļ		Cails Puts	16,929						
Oct 31 'Data ba	sed on Ed	ouity shares listed	on the Lo	ndon Share Service	· ·						

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So if you want to stop fishing, call the

American duty free shopping chain, by selling part of its said the company would holding in Guinness. However, analysts said this was unlikely as LVMH had a

strong balance sheet. Pilkington hardened 114 to Stakis hardened one penny to 991 p after it confirmed a £222m rights issue to buy the Metropole hotel

Healthcare group Eadie Holdings fell 51, to 12% p on a profits warning.

Printing specialist Wace fell sharply after warning that 1996 profits would be "substantially lower than current market expectations". The shares were down 65 to 69%p.

Insurer Commercial Union spiked up 91/2 to 6481/2p just before the close of trading on the back of an optionsrelated trade carried out by one US broker.

Pharmaceuticals leader Zeneca fell 24 to 1672p on continued profit-taking as overseas earners remained out of favour in the light of the UK rate increase and the strength of sterling.

Chemicals group Courtaulds rose 16 to 456p with BZW reiterating its positive view on the group.

Airport operator BAA shed 91/2 to 4971/2p in the wake of a report suggesting it could face a big tax bill under a Labour government. The press report said BAA

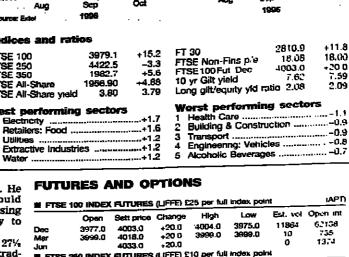
could have to pay more than £500m if it was included in Labour plans for a windfall levy on privatised utilities. However, some analysts said BAA was not regarded as a prime target for the levy. Perkins Foods softened 2

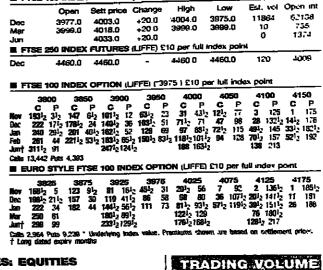
to 840 following its announcement of a one-forsix rights issue at 74 pence per share, raising £15.5m to help fund the acquisition of the Dutch Disselkoen Group.

not gone down too well. He have been better off using debt rather than equity to finance the purchase

Grampian TV added 27% to 32712p on very thin trading with speculation continuing about a takeover hid Scottish TV is the most likely contender, according to analysts. Other potential takeover candidates also hardened, including Border. which rose 51/2 to 3061/2p. and Yorkshire Tyne Tees which increased 25 to 1267/2p. Scot-

tish fell 1 to 731/2p. Mondas, a business software company closed at 901/2, a 151/2p premium to its offer price. Jardinerie Interiors, which was floated at 114p, closed at 125p.





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3							-1	-	-	-	_	Bacc	763	2971	-1
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rica (13)	2424,77	-0.8	2445.33	2272.74	3.14	35.60	3553.86	2272 74
stralasia (6)	2132.19	-9.2	2135 90	2224.34	2.63	21.24	2927.34	2005 75
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15E, 250 TSE 250 ex 1T	4422.5 4463.5		425.8 4434 486.6 4475							1803.1 1824.0				
TSE 350	1982.7			.5 2002						1685.9				
TSE 350 Higher Yield	1882.5		974.0 1886							1349.2				
TSE 350 Lower Yield TSE SmallCap	2090.1 2167.99		087.3 2099 71.76.2173.							1462.0				
ISE SmallCap ex IT	2170.56		74.00 2176,							1818.1				
TSE All-Share	1956.90		52.02 1963.							1689.2				
I <i>FTSE</i> Actuaries Ind	lustry S	ectors	i											
Day's Year Drv. Net P/E Xd adj. Totall Oct 31 chge% Oct 30 Oct 29 Oct 28 ago yield% cover ratio ytd Return														
		-				_								
10 MINERAL EXTRACTION(24) 12 Extractive Industries(6)	3848.64 4241.19		50.90 3890.0 \$2.02 4194.				1.63 2.66			1680.2 1284.0				
15 Oil. Integrated(3)	3965.71		76.54 4023.4				1.45			1777.1				
16 Oil Exploration & Prod(15)	2867.42		6.00 2893.				1.71			1737.4				
O GEN INDUSTRIALS(275)	2050.19	-0.1 208	51.77 2067.1	3 2076.3	2 1928.80	4.17	1.71	17.50	76.13	1141.9				
1 Building & Construction(34)	1187.60	-0.9 119	8.47 1215.3	3 1215.9	4 898.59	3.55	1.47			1011.4				
2 Building Matts & Merchs(29)	1920.46		93.81 1955.0				1.41			983.81				
3 Chemicals(25)	2441.06		8.17 2450.9				1.45			1176.6				
24 Diversified Industrials(19) 25 Electronic & Elect Equip(36)	1465.53 2338.28		57.28 1475.6 20.72 2329.6				1.61 1.48			844.89 1233.0				
26 Engineering(71)	2643.76		1.56 2664.				2.46			1629.5				
27 Engineering, Vehicles(14)	3239.18	-0.8 326	35.71 3281.5	8 3284.4	3 2536.16	3.33	1.72	21.84	101.71	1709.0				
28 Paper, Pokg & Printing(28)	2575.48		7.51 2595.3				1.82			1093.1				
29 Textiles & Apparel(19)	1169.09		70.68 1179.5				1.16			727,33				
30 CONSUMER GOODS(82) 32 Alcoholic Beverages(8)	3690.34 2736.45		38.34 3727.2 55.39 2776.8				1.93 1.63			1389 9				
33 Food Producers(25)	2558.06		34.21 2568.0				1.84			1174.1				
34 Household Goods(15)	2729.99		7.30 2756.2				2 25			1064.5				
36 Health Care(16)	1982.90		4.88 1997.8				1.97			1210.41				
37 Pharmaceuticals(14) 38 Tobacco(2)	5721.31 3602.33)3.19 5770.0 39.92 3671.2				2.01			1973.74 927,66				
40 SERVICES(254)	2595.97		1.01 2600.5				1.98		_	1370.4				
1 Destributors(30)	2918.13		11.81 2899.4				2.02			1092.70				
12 Laisure & Hotels(25)	3179.02		8.83 3173.1				2.03	22.41	173.08	1728.80				
13 Media(45)	4372.15		0.45 4414.0				2.04	29.24	91 89	1600.20				
I-l Retailers, Food(15) 15 Retailers, General(45)	2034.67 2132.21		12.64 1984.5 27.91 2143.7				2.29 2.08			1315.72 1239 42				
7 Breweries, Pubs & Rest.(21)	3135.78		5.99 3124.8				1.98			1520 53				
18 Support Services(50)	2601.00		5.83 2599.8				2.26			1670.3				
19 Transport(23)	2531 10		3.36 2565.7				1.12			1075.40				
60 UTILMES(33)	2330.98 2428.15		2.93 2302.5 17.16 2388.9			5.56 6.78	1.75 2.21			1042.08				
52 Electricity(12) 54 Ges Distribution(2)	1298.15		1.75 1298.1			9.23	0.83			1314 83 710.31				
55 Telecommunications(8)	2003.25	+1.1 196	1.00 1977.8	7 1989.2	2068.44	4.03	1.53	20.31	50 32	930,47				
8 Water(11)	2161.71	+1.2 213	6.90 2136.3	9 2118.53	2032.59	6.44	2.29			1222.60				
9 NON-FINANCIALS(668)	2048.38	+0.2 204	4,28 2057.1	9 2068.85	1819.81	3.81	1.82	18.08	77.53	1587 <u>.41</u>				
U FINANCIALS(103)	3290.89		3.58 3289.4			4.03	2.36			1449.22				
71 Benks, Retail(8)	4744.83		2.57 4738.0			3.83	2.71			1586.21				
72 Banks, Merchant(6)	3717.99 1551.38		4.52 3703.4 11.55 1552.9			2.80 5.42	2.81 2.27			1196.84 1201.15				
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73 knsurance(21) 74 Lile Assurance(7)	3765.72		3.62 3780.5	4 3334 00	3310.68	4.13	1.78	16.97	151.01	1601.05				
		+0.1 376 +0.5 269		5 2678.44	2408.54	3.96	1.78 1.79 1.26	17.67	88.27	1601.05 1566.23 1031,78				

	Open	9.00	10.00	11,00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
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■ FTSE 350 Industry baskets

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Water	2123.1	2124.5	2125.7	2124.5	2125.4	2129.6	2129 0	2137.0	2141.4	2147 1	21210	+25.3
Banks, Retail	4770.8	4783.8	4766.6	4769.0	4765.9	4773.9	4788.4	4797.8	4803.4	4805 4	4772.7	+32.7
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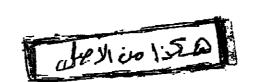
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Dow flat as tech stocks move higher

Most US share indices were flat in mid-session trading, although the technology sector continued to show strength on the heels of the declines seen in the early part of this month, writes Lisa Bransten in New York. At 1 pm. Dow Jones Industrial Average was 1.12 higher



15 21 22 23 24 25 28 29 30 81 Oct 1996 at 5,994.35, the Standard & Poor's 500 rose 0.40 at 701.30, and the American Stock

1.62 at 566.91. Volume on the NYSE came to 267m shares. Bonds provided support for shares, firming in morning trading ahead of today's figures on October employ-

Exchange composite added

ment business activity. Technology shares were one area of relative strength. The technology-rich Nasdaq composite advanced 5.78 at 1.212.01 and the Pacific Stock Exchange technology index gold find.

was 0.6 per cent stronger. All of the four largest comgains, although there were losses among some of the more volatile Internet-related companies. Netscape products in Canada.

makes internet software, lost \$2%, or 5 per cent, at \$44, US Robotics, a computer modern manufacturer, shed \$2%, or 4 per cent, at \$63% and C/net, an Internet content company, fell by \$1%, or 8 per

cent. to \$15%. Elsewhere, The Gap rose \$1%, or 5 per cent, to \$28% after announcing that its board of directors had approved a buy-back of up to three years.

Pharmacia & Upjohn feli \$214, or 6 per cent, to \$351/4 after it reported third-quarter earnings were even with the period a year ago, and warned 1997 profits would be about 10 cents a share below expectations.

Meanwhile, Centocor, the US biotechnology company, added \$2, or 7 per cent, at \$28% after reporting a loss of 2 cents a share, a cent less than analysts had expected. Shares in the company had fallen nearly \$10 since the start of the month as investors anticipated poor results from the company.

TORONTO was firm at mid-session with the TSE-300 composite index 5.17 higher by noon at 5,595.98 in volume of 52.7m shares.

Bre-X Minerals fell for the third straight day, down 45 cents to C\$21.95 as Indonesia's director general of mining was reported as saying that his government was still withholding contracts of work related to the Busang

Molson picked up 5 cents to C\$20.15. Its 40 per cent panies on the Nasdaq posted owned Molson Breweries reached an interim agreement with Coors Brewing

Mexico rebounds

after an initial slide. It was almost 1 per cent ahead by mid-session as buyers returned to snap up stocks that were thought to have been hit too hard in Wednesday's tumble.

The IPC index was up 31.00 by mid-session at

In a rebounding construction sector, Tribasa headed the gainers with a 1 peso rise to 18.50 pesos while Geo rose 1.50 pesos to 35.00 pesos.

an airliner crash in a at 5,876.90.

the city. The aircraft, operated by Brazil's TAM airline. was reported to have been carrying at least eight executives of the Unibanco private bank. TAM preferred shares tumbled 24.1 per cent and the Bovespa index was 578 down at 64,584.

on profit-taking in spite of Wednesday's approval of the privatisation law reform bill which opened the way to next month's CANTV share SAO PAULO was lower as offering. The IBC index was investors awaited details of 130.82 weaker by mid-session

Rand helps S Africa ahead

A turnround in the rand. which rebounded from fresh morning lows against the dollar, provoked an avalanche of support in Johannesburg for rand hedge stocks and quality blue

chips stocks. Industrial shares were higher, helped by the firmer currency, while golds. regarded as oversold, moved ahead in spite of a weak hpllion price and a softer rand gold price.

The overall index ended 83.5 up at 6,975.3, industrials gained 84.5 to 8.209.2 and golds rose 24.2 to

Industrial shares led the improvement with some stocks quickly regaining ground lost during the market's rand-inspired decline on Monday and Tuesday.

The banking sector also found favour. Standard Bank regained the R5 lost on Tuesday, rebounding to R180. Nedcor jumped R3 to R68.00 while First National edged up a more modest 5 cents to R25.75.

Anglo American was targeted by futures arbitrageurs, gaining R3.25 to R282.20, while fellow mining heavyweight De Beers rose R2.50 to R138.50.

MEXICO CITY rebounded densely populated area of

CARACAS fell 2.2 per cent

the booming bond market. the domestic political situation and the US presidential LDP, which emerged as the dominant party from the October 20 general election, is trying to cobble together a parliamentary session next respectively. Turnover was

Accolade, then Pharmacia takes a beating

It was a quiet day for most bourses, but individual companies were rewarded for performance or punished, in some cases severely, for disappointing the pundits. In one case, that of Pharmacia & Upjohn, a morning accolade was followed by an afternoon beating.

STOCKHOLM, originally,

said that Pharmacia, the Swedish/US drugs group, had reassured the market, posting earnings in line with expectations after a profit warning which produced a severe drop in the share price about three weeks ago. There was a parallel story linking the group's doxorubi-

cin bladder cancer drug with a possible BSE treatment and the shares hit SKr251. up SKr8 at best. However, an analysts' con-

ference call seemed to change the mood. Mr John Reeve of Paribas said that, owing to a smaller contribution from currency earnings this year, he had trimmed his earnings forecast for the group from US\$2.20 a share to \$1.90. The shares ended SKr13.50 lower at SKr229.50.

One beneficiary of all this was Astra, the other big Swedish drugs group, whose SKr302, most of this in the

Pharmacia & Upjohn Share price (SKr) results on November 14. WYY

last 10 minutes of trade. With Volvo B reflecting a better feeling about carmakers and SKr2.50 higher at SKr136.50, the Affarsvärlden General index rose 8.6 to 2,139.3.

PARIS put up the best

senior bourse showing after French bonds responded to a combination of a record September unemployment rate of 12.6 per cent, a 5 basis point intervention rate cut and European Union acceptance of the French government's plan to use a special France Télécom dividend towards reducing its 1997 public deficit.

The CAC-40 index rose 15.75 to 2,140.51 in turnover of FFr7.25bn. The big index which slumped following a winner was Lagardère, up profit warning last week, at 3,725.3.

StA foreign

Share price & index (rebased)

Straits Times Inclustrial

Among technology stocks.

TDK lost Y70 to Y6,680, Mit-

subishi Electric fell Y11 to

Y659 after a 1996 intraday

low of Y655, Oki Electric fell

Y8 to Y634 and Fanuc, which

lost Y150 to Y3,650, also

marked new lows for the

year at Y633 and Y3.620

Japan Airlines and All

Nippon Airways both ended

Y949. Selling also hit car-

in Osaka, the OSE average

MANILA rose 1.3 per cent,

dropped 124.59 to 21,236.65 in

lifted by bargain hunting in

blue chips with good nine-

month earnings. The com-

posite index rose 36.70 to

2,964.00. Ayala Land, which

reported a 34 per cent rise in

nine-month profits, saw its B

shares 50 centavos higher at

San Miguel and Petron, up 1

peso to 47.50 pesos and 20

centavos to 7.70 pesos

prompting some analysts to

KUALA LUMPUR's blue

Other winners included

volume of 23.97m shares.

respectively.

Y30 at Y1,160.

FFr6 to FFr161.50 for a two-day gain of 7 per cent as worries over its Thomson acquisition subsided. Among the losers, Euro Disney shed 50 centimes, or 4.7 per cent, to FFr10.05 ahead of its

Elsewhere, LVMH rose another FFT28 to FFT1,171 following Wednesday's bid for a majority in DFS of the US and Roussel-Uclaf closed FFr25 higher at FFr1,353 on reports that Hoechst, its German parent, might buy out the minority at FFr1.600 a

FRANKFURT improved a little in the afternoon, encouraged by gentle recoveries in the dollar, bunds and the Dow, The Dax index, after an intraday low of 2.655.96. closed 6.68 higher at an Ibis-indicated 2,671.40.

The automotive sector was

mixed, with the truckmaker

and engineer MAN down

another DM5 to DM371 on the problems at its end of the industry. However, Volkswagen, named by Merrill Lynch as its Global Focus One stock, rose DM5.80 to DM603.80

A former favourite was not so fortunate. SAP, the computer software major

after Wednesday's DM4.50

FTSE Actuaries Share Indices THE EUROPEAN SERIES Open 10.30 11.00 12.00 13.00 14.00 15.00 Close Hourly changes FISE Eurotrack 100 1750.40 1748.45 1747.29 1748.02 1747.30 1748.57 1747.80 1747.44 FISE Eurotrack 200 1805.58 1802.47 1803.83 1804.32 1804.45 1805.82 1806.17 1806.77

Qct 28 Oct 25 Oct 24 Oct 30 Oct 29 1796.58 1772.46 1821,67 1820.24 Sees valus 1000 (2010/050; HighYshy; 100 - 1750.87; 200 - 1907.57 Lonellay; 100 - 1746.51 200 - 1801.83. 7 Paritol. © 1755; International Coding 1806. 30 region received.

dropped through the DM200 level, the preference shares shedding

30 per cent from its 1996

peak in less than a fortnight. ZURICH featured a turbulent ride by Swissair. The shares jumped to an early high of SFr1,008 as Sabena said that it had reached a provisional pay and conditions agreement with its trades unions, but pulled back to SFr980 as the Belgian airline's pilots staged a short-lived strike in protest.

By the close, Swissair was SFr1 weaker at SFr985 as the market absorbed comments by Sabena's chief executive that the Swiss flag carrier might write off its 49.5 per cent stake in the Belgian airline. Swissair said that no decision would be made before the end of this year.

The broad market made little progress and the SMI index closed just 2.2 higher

. Sulzer, the technology preference shares company, closed SFr12 DM6.50 at higher at SFr670 as investors DM198.40, down more than took the planned spin-off of its Elma Electronic subsidiary as a sign that the com-

pany was willing to restruc-

ture its operations. Adecco, an outperformer since last week's strong profits from Manpower in the US, gave up SFr11 to SFr355. Among second-liners, Stratec put on SFr65 to SFr1,645. UBS, which initiated coverage of the stock with a positive recommendation, said that it was one of a small group of medical technology companies distinguished by powerful sales and profit

MILAN was lifted at the close by strength in the lira and bonds. The Comit index eased 1.28 to 603.85, but the real-time Mibtel index finished 38 higher at 9,626.

Tim, the cellular telephone company, rose L90 to L3,128, encouraged by nine-month

to buy a 49 per cent stake in Stet Mobile Holding, which provided a potential foothold

in France. Stet slipped L43 to L5.259 following reports that its managing director, Mr Ernesto Pascale, was under investigation in a corruption inquiry.

Eni, the energy company. accounted for almost 25 per cent market's trading vol-ume, edging down L5 to L7.256.

AMSTERDAM seesawed near the close, ending with the AEX index just 0.07 lower at 577.02. Royal Dutch was a weakening influence, the shares falling Fl 5.80 to Fl 280.20 after third-quarter results which were seen as disappointing.

Tutsi reperts

Mor Goma

There were no apparent surprises from the paper, office supplies and printing equipment group KNP BT. but a third-quarter profits decline still left the shares down 60 cents at Fl 37.40.

ISTANBUL fell 2 per cent on profit-taking in stateowned companies and the energy sector, and the IMKB-100 index finished 1.686 weaker at 82,006 after reaching an all-time intraday high of 85,753 during the morning.

Written and edited by William

Nikkei takes its losses into third straight day

A bout of index selling just before the close extended TOKYO's losing streak to a third day with the Nikkei average breaking down through the 20,500 level, writes Gwen Robinson.

The 225 index fell 214.81 to 20,466.86 after moving between 20,449.99 and 20,738.57. The broader Topix index of all first-section stocks declined 12.33 to 1,550.55 and the capitalweighted Nikkei 300 lost 2.64 to 290.44.

Volume rose 252m shares to an estimated 280m. Declines led advances by 748 to 308 with 171 unchanged and, in London, the ISE/Nikkei 50 Index rose 2.87 to

Traders noted continued selling of blue chips by foreign investors, particularly high-tech issues, on con-cerns that the recent strength of the dollar against the yen would hurt their

weekend in Japan, where markets will be closed next Monday, also described which had just announced poor first-half earnings results, fell V30 to V60 investor activity. However, analysts argued that the makers, Toyota falling Y40 main factor in Thursday's to Y2,690 and Suzuki closing drop in stocks, a late-after- at its low for the year, down noon surge in futures-led selling, did not reflect sentiment. Investors, assured of continuing low interest rates, were continuing to

redirect their funds toward The slow trading, the professionals added, was due mainly to uncertainty over election next week. The coalition before an expected week to confirm the prime

Most industry sectors lost say that foreign investors ground on the broad range might have returned. of index-linked selling.

chip stocks moved up sharply at the close, leaving the composite index 7.57 higher at 1168.31. Tenaga picked up 30 cents to M\$10.10, pulling the index up with it.

Sime UEP, the property developer, added 30 cents to M\$6.95, off a high of M\$7.05 as investors turned their attention back to the recently neglected sector. Proton rose 20 cents to

S\$7.35 on news that it had bought a controlling stake in Lotus, the British sports car KARACHI climbed on ews that the International Monetary Fund planned to

resume payments of a stalled standby loan to Pakistan. Late profit-taking cut the gains, but the KSE 100 index year results to S\$1.60.

closed 10.61 higher at 1.455.85, after 1.469.61. COLOMBO closed higher on small investor speculation that next Wednesday's budget would be marketfriendly. The all-share index

put on 4.58 to 608.48. Commercial Bank rose SRs8 to SRs110 and Hatton National Bank by SRs10 to SRs235. SINGAPORE featured

tumble in foreign shares of Singapore Airlines to their lowest for almost a year on selling by overseas funds after downbeat comments by

the chief executive. The foreign shares, most widely followed by fund managers, lost 20 cents at S\$12.40, taking their losses since Monday's poor half-

Singapore Telecom rose 14 cents to S\$3.28 on rumours that its weighting in key regional indices might be increased. The Straits Times Industrial index was 0.79

HONG KONG was caught between optimism after Wednesday's surge in prices and caution ahead of fresh US economic data. The Hang Seng index finished 72.09

easier at 2,083.23.

higher at 12,477.56 in turnover that eased to HK\$6.3bn. Property stocks were the strongest performers. Cheung Kong rose HK\$1 to HK\$62, SHK Properties

gained 75 cents to HK\$88 and New World Development advanced 70 cents to HK\$45. SmarTone Telecommunications Holdings, the mobile telephone operator which months.

HK\$17.25 issue price. SHANGHAI's hard currency B share index ended at

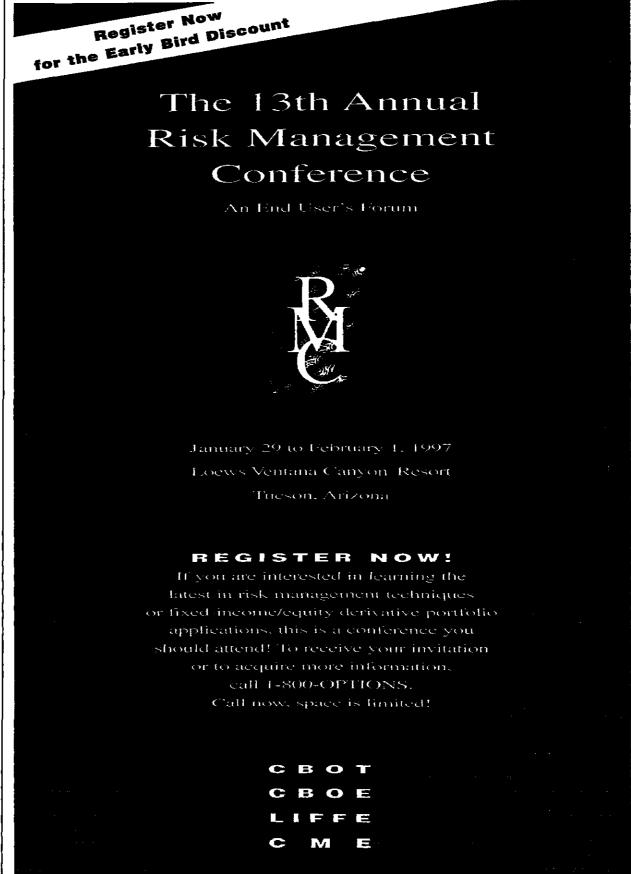
a record closing low on investors disillusioned by poor corporate performances and Belling's repeated reaftic investors trading the B shares. The index fell 0.226 to 47.077 points, below the previous record closing low

HK\$16.50, compared with its

of 47.13 points on June 7. DHAKA soared in a further celebration of its own illiquidity. The DSE index rose 162,67 or 5.8 per cent to 2,986.29. It has now climbed more than 50 per cent since mid-October and has almost quadrupled over the past six

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REGIONAL MARKETS				SDAY O	CTOBER	30 1996				UEŞDAY	OCTOBS	SR 29 19		DOI	lar in	
Figures in parentheses show number of fines	US Dollar Index	Change Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	4 chg	Gross Div. Yleid	LIS Dollar	Pound Sterling	Yen	DM	Local Currency S			
of stock	nidex	76	IIIOON	N MIGHT	IIAJAA	H KARK	On day	TRENG	Index	Index	Index	Index	Index	High	Low	(abblox)
Austraba (78)	211.98	0.6	192.53	152.59	166.11	178.06	0.5	4.27	210,77	194.08	162,01	165,49	177.17	216,14	179.98	182.09
Austria (24)		0.0	163.83	129.85	141.35	141,27	-0.2	1.99	180.35	168.07	130.07	141.60	141.51	195.04	168.36	169.54
Belgium (27)		0.0	200.72	159.09	173.18	169.34	-0.2	3.94	220.93			173.47			193.45	
Braz4 @81		-01	166 00	131.57	143.23	345.72	-0.2	1.77	183.03			143,71	346.37		123,97	
Canada (116)		O.B	165.24	130.97	142.57	176.71	0.5	2.04	180.53			141.75			138.65	
Denmark (30)	332.70	0.3	302.16	239,49	260.71	261.77	-0.1	1.76	331.71	305.45	239.24	260.45	261.96	336.30	276.69	282.19
	217 06	-0.1	197.14	158.25	170.09	205.47	-0.4	2.43	217.30	200.10	156.73	170.62	206.35	229.99	171.73	228.73
France (93)	201.36	0.3	182.88	144.95	157.79	160.83	0.0	3.02	200.71	184.82	144.76	157.59	160.80	202.03	167.70	173.89
Germany (58)	181.53	0.4	164.87	130.67	142.25	142,25	0.2	1.74	180.79	166.48	130.38	141.95	141.95	181.65	157.72	157.89
Hong Kong (59)	463 79	1.7	421.23	333.86	363.44	460.40	1.6	3.32	456.24	420.12	329,08	358.23	452,91	470.59	354.67	371,89
Indonesia (27),	203.79	0.0	185.09	146,70	159.70	291.04	0.0	1.73	203.86	187.72	147.03	160.07	291.14	_	_	_
ireland (16)	313.41	0.5	284.64	225.61	245.59	269.73	-0.3	3.33	312.01	287.31	225.04	244,99	270.69	313.41	241.27	241.27
Italy (58)	75.44	-1.2	68.52	54.31	5 9 .12	85.35	-1.3	2.43	76.35	70.30	55.06	59.95	86.50	84.53	67.22	70.57
Japan (460)	138.66	-05	125.94	99.82	108.66	99.82	-0.5	0.77	139.29	128.26	100,46	109.37	100,46	164.68	137.95	139.10
Malaysia (107)	574.70	-0.5	521,96	413.69	450.35	559.43	0.0	1.18	577.31	531.60	416.38	453.29	559.19	587.74	425,77	464.54
Menuco (27)			1037.12	822.01	894.83	9950.63	-1.1	1.38		1070.53			10061,31		791.99	
Netherland (19)	310.62	-0.5	282.11	223.60	243.41	239.76	-0.7	3.06	312.03	287.33		245.00		314.85	252.71	
Now Zealand (15)		0.3	81.84	64.86	70.61	87.79	0.3	4.05	89.79	82.68	64.76	70.50	67.59	94.35	75.84	82.14
Norway (35)		0.3	241.02	191.03	207.95	229.36	-C.1	2.21	284.69			207.83			222.24	
	184.39		167.47	132.73	144.49	241.53	1.4	0.66	181,85			142.78			<u> </u>	
Singapore (43)			349.85	277.29	301.85	249.94	0.8	1.07	380.73		274.59				361.94	368.40
South Africa (44)		-05	296.23	234.79	255.59	337.95	0.7	2.27	327.68			257.29			314.20	
Span (37)		-0.7	170.43	135.08	147.05	180.75	-0.6	3.25	188.95		138.28	148.36			146.53	
Sweden (48)	390.36	-0.9	354 54	281.00	305 89	378.48	-1.0	2.26	393.83		284.12			400.14	294.19	
Switzerland (37)		0.3	221.78	175.76	191.33	189.12	-0.2	1.56	243.43		175.57	191.14	189.48	254.34	219.29	220.93
Thatand (45)		-2.2	102.21	81.01	88.18	111.37	-22	3.08	115.03		82.97	90.32	113.91		112.17	159.40
United Kingdom (213)		0.7	236.84	187.72	204.35	236.84	-0.7	3.98	258.99		188.90	203.38	238.49	261.17	222.29	223.42
USA (623)		-0.1	258.69	205.03	223.20	284.83	-0.1	2.09	285.00		205.55	223.77	285.00	289.37	238.22	
		0.0	236.91	187.77	204.41	219.27	00	2.00								
Amencas (TN),		0.0	203.61	161.38	175.68	191.14	0.0 -0.5	2.08 3.00	260.94		188.20	204.88	219.36	264.65	217.17	
Europe (718)		-0.5	303.07						223.68		161.33	175.63	192.00	225.29	193.02	
Nordic (136)		=-=		240.21	261.49	284.22	-0.7	2.20	335.37		241.88	263.33		339,67	261.13	
Pacific Basin (876)		-0.2	140 49	111.35	121.22	112.38	-0.3	1.25	154.97		111,77		112.75	177.01	148.95	150.04
Euro-Pacific (1594)		0.0	166.69	132.11	143.82	142.07	-Q.4	2.14	183.48		132.34	144.07	142.62	190.57	167.52	167.87
North America (739)		0.0	253.14	200.63	218.41	277.75	0.0	2.09	278.76		201.06		277.84	282.57	232.28	232.67
Europe Ex. UK (505)		0.0	181,49	143.85	156.59	164,43	-0.3	2.42	199.92	184.09	144.19	156.97	164.83	201.22	172.58	172.59
Pacific Ex. Japan (396)		0.8	268.62	212.90	231,77	255.46	8.0	2.91	293.54	270.30	211.73	230,48	253.43	299.79	243.59	252.68
World Ex. US (1809)	165.45	0.0	168.43	133,50	145.33	147.19	-0.3	2.13	185.39	170.71	133,71	145.57	147.69	191.55	168.49	168.77
World E. UK (2219)	212.33	-0 1	192.84	152.84	166.38	181.77	-0.2	1.91	212.50		153.27			216.41		187.09
World Ex. Japan (1962).	257.78	0 1	234.12	185.56	202.00	242.21	-0.1	2.45	257.51		185.72			280.37		

The World Indias 24321... 216.48 0.0 196.61 155.83 169.64 186.76 -0.2 2.17 215.49 199.35 156.14 168.89 187.16 220 11 190.22 180.28 Conjugate FTSE International Limitors, Colorism, Sactis and Co. and Standard & Poor's. 1996. All rights reserved. "FT/S&P Actuation" is a joint trademark of The Privated Times Limited and Standard & Poor's. Limits (Private Arms) in projection for the private arms (projection for the private Arms).

